



# CSR Report 2020

Corporate Social Responsibility Report

# Corporate Philosophy

We will contribute to the development of a more secure society through a striving spirit and cooperative efforts.

Our corporate philosophy represents Glory's corporate goal and raison d'être.

"Striving spirit" includes our desire that "we will strive to meet the needs of customers and society with an unyielding spirit and make the impossible possible".

It represents the eternal origin of Glory all through the ages that we can do a great job only when we combine the "power of everyone" who shares the "striving spirit".

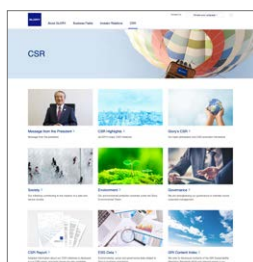
Keeping the origin in mind, Glory will contribute to the creation of a safe and secure society from now on.

## Editorial Policy

The Glory CSR Report 2020 is intended to inform a wide range of stakeholders about Glory's understanding of CSR and the progress of its CSR initiatives.

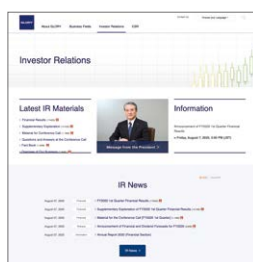
We publish the report in booklet form and on our website, where we also post descriptions of our initiatives, additional details, related data, and other information not included in the booklet.

### CSR Website



<https://corporate.glory-global.com/csr/>

### Investor Relations Website



<https://corporate.glory-global.com/ir/>

▲  
For financial and stock information, please visit this site.

### Scope of the Report

- As a basic principle, this report describes the efforts of GLORY LTD., and it will be explicitly stated if a particular item being reported concerns a specific Glory Group company or another company.
- The report on environmental activities (including environmental data) covers the ISO 14001-certified offices of GLORY LTD. and the Group companies (12 companies and 32 sites).

### Reporting Period

Fiscal year 2019 (April 1, 2019 to March 31, 2020) (may include reporting of items occurring in or after April 2020)

### Publication Date

September 2020 (previous English edition: September 2019, next English edition: September 2021)

### Referenced Guidelines

GRI Sustainability Reporting Standards 2016 and 2018  
2018 edition of Environmental Reporting Guidelines, Ministry of the Environment, Japan

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Phone: +81-79-297-3131


# Management Creed

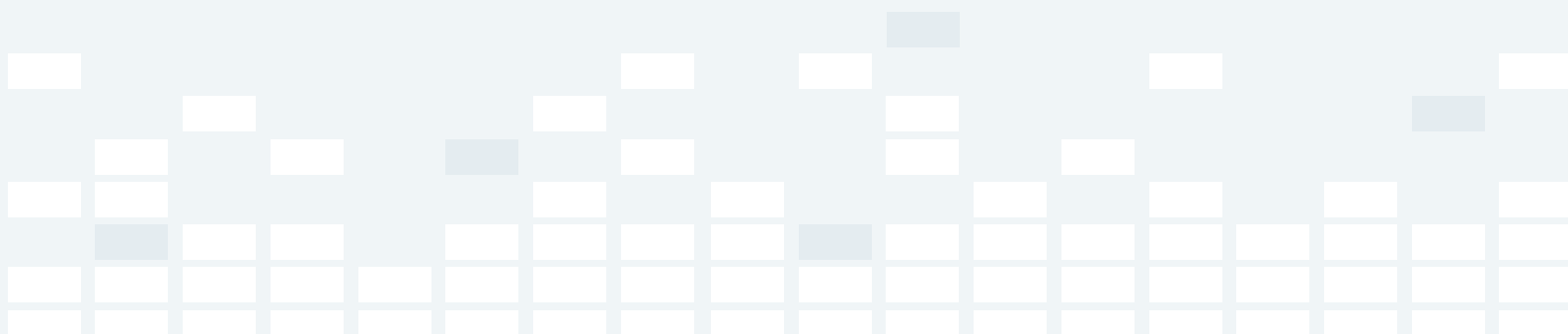
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- Through a spirit of continuous development, we will provide products and services our customers can rely on.
- We will build a vigorous corporate group through respect for the individual and teamwork.
- We will endeavor to act as responsible corporate citizens and co-exist harmoniously with society at large.

Our management creed expresses what Glory should aspire to and our management stance. In short, it constitutes our basic philosophy of management.

The three components of the management creed express our stance toward our customers and business operations, toward our employees, and toward society as a whole.

 **Corporate Philosophy**  
<https://corporate.glory-global.com/groupinfo/philosophy/>



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## Message from the President

**We leverage the power of identification to contribute to the creation of a secure society.**

*Motozumi Miwa*

President,  
GLORY LTD.



### Creating “New Confidence” for People and Society

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Since its founding in 1918, Glory has consistently achieved growth and progress by manufacturing products and creating innovative technologies to meet society’s needs. Our founder’s philosophy of “continuously striving to benefit people by creating products that have never been seen before” has been handed down over generations and remains our enduring identity to the present time, as we now provide products and solutions to customers in over a hundred countries around the world.

The market environment surrounding the Glory Group is evolving at an unprecedented speed. In both domestic and overseas markets, financial institutions are accelerating their drive to measure for the reorganization of financial institutions, a reduction of branches and a shift to minimized branches, while

retailers are diversifying payment methods in response to the popularity of cashless settlements.

Seeking opportunities in these changes, we are making a concerted effort to emerge as a leading company that realizes the spirit of confidence expressed in our Long-Term Vision 2028: “We enable a confident world”. We will continue providing products and solutions to meet those customer needs that change with the times and trends. Additionally, we will establish businesses and new value by further enhancing our accumulated technologies, particularly in the areas of recognition and identification through the power of identification, to create new confidence as a company that is able to deliver benefits to society in the coming era.

## Addressing Social Issues with Technologies and Ideas

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We are currently promoting the 2020 Medium-Term Management Plan to prepare for realizing our Long-Term Vision and focusing on creating new business domains under the Basic Policy of strengthening collaboration with various partners to solve social issues. Although cashless settlements are expanding across the world, cash remains an important means of payment, and securing access points to cash has emerged as a social concern. Glory intends to create a new style of cash circulation\* to realize efficient cash circulation across society. To that end, we have acquired Cash Payment Solutions GmbH, a German company who develop and provide online cash settlement platforms and formed a capital and business alliance with SOCASH PTE. LTD., a Singaporean FinTech company who develop and provide a cash out service. By combining these services with Glory's cash handling solutions, we will be able to contribute to increasing society's comfort level with alternative payment systems.

Glory is also expanding applications for its recognition/identification technology into new areas. For example, we have developed a new walk-through facial recognition system that can identify individuals even when they are wearing masks or sunglasses by applying deep learning to our facial recognition engine to accurately grasp individual features around the eyes, forehead, and nose. In the field of medical and nursing care, we are participating in joint industry-academia research with Juntendo University. Glory's image recognition technology is being applied to diagnosing patients with neurodegeneration and cognitive impairment diseases that advance with age, such as Parkinson's disease and dementia, to construct a system for early detection and diagnosing progression. In this way, we seek to establish technologies that benefit the early detection, diagnosis, and treatment of medical conditions associated with an aging society.

Meanwhile, the ongoing global pandemic of novel coronavirus is expected to cause a variety of changes in society, increasing the need for automation to prevent infections and for power and labor savings to achieve operational efficiency, ultimately leading to further advances in AI, IoT, and related technologies. The Glory Group will contribute to creating a safe, secure society by accurately identifying social issues and needs that accompany change and provide solutions through its business activities.

\*We provide detailed information on initiatives for creating a new style of cash circulation in the Special Report (pages 7 and 8).

## Toward the Creation of a Sustainable Society

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For the Glory Group to play a role in creating a sustainable society, it must meet society's demands, which include managing business from an ESG (environmental, social, and governance) perspective and contributing solutions to international issues toward achieving the SDGs (Social Development Goals). Glory identified its Priority CSR Themes in 2018 to engage in SDG-related initiatives. Recent recommendations by the TCFD (Task Force on Climate-related Financial Disclosures) have gained attention. Glory recognizes climate change as a key management concern that must be tackled across countries, regions, and industries and has therefore been engaging in activities under the 2020 Medium-Term Environmental Plan. In the years ahead, we will adopt a more strategic approach for enhancing our disclosure of climate-related information while strengthening our ESG initiatives across our business activities, including our supply chain.

The Glory Group conducts management under the guidance of its Corporate Philosophy and believes in realizing its philosophy through the actions of each individual employee. We now face the new challenge of responding to social changes and needs in practicing our philosophy. Aspiring to address global social issues, we will endeavor to create new value through innovation that is generated by the full capabilities of our diverse workforce.

We will earnestly seek to earn the trust of our stakeholders and strive to be a corporate group that contributes to the realization of a sustainable society.

August 2020

# Corporate Information

## Profile

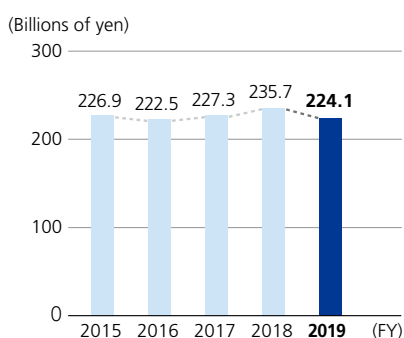
<b>Corporate name</b> : GLORY LTD.	<b>Stock listings</b> : Tokyo Stock Exchange (1st Section)
<b>Founded</b> : March 1918	<b>Number of employees</b> : 3,473 (Group: 10,267), as of March 31, 2020
<b>Incorporated</b> : November 1944	<b>Line of business</b> : Development, manufacturing, sales, and maintenance of cash handling machines, data processing equipment, peripheral devices with data processing equipment, vending machines, automatic service equipment, etc.
<b>Capital</b> : ¥ 12,892,947,600	

## Business Segments

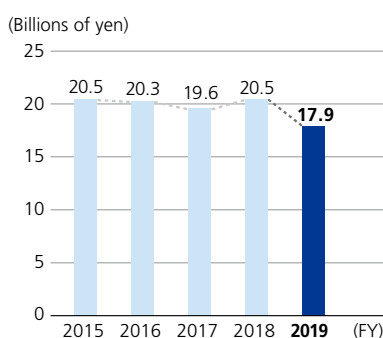
	Main Customers	Main Products and Goods
<b>Financial Market</b> 	Financial institutions, OEM clients, and others in Japan	Open teller systems Coin and banknote recyclers for tellers Coin recycling modules for ATMs Multifunctional banknote changers Cash monitoring cabinets Security storage systems Key management systems Banknote recycling modules for horse race ticket vending machines
<b>Retail and Transportation Market</b> 	Supermarkets, department stores, cash-in-transit companies, railroad companies, tobacco companies, hospitals, local governments, general companies, and others in Japan	Coin and banknote recyclers for cashiers Sales proceeds deposit machines Multifunctional banknote changers Cash recyclers for gas stations Coin-operated lockers Ticket vending machines Cigarette vending machines Medical payment kiosks RFID self-checkout systems for cafeterias Ballot sorters for handwritten ballots
<b>Amusement Market</b> 	Amusement halls (pachinko parlors) and others in Japan	Card systems for pachinko parlors Banknote conveyor systems Pachinko prize dispensing machines Pachinko ball counters for individual pachinko machines Membership management systems for pachinko parlors Pachinko ball/token counters
<b>Overseas Market</b> 	Financial institutions, cash-in-transit companies, retail stores, casinos, OEM clients, and others overseas	Banknote recyclers for tellers Banknote sorters Banknote and check deposit modules for ATMs Banknote counters Coin and banknote recyclers for cashiers Sales proceeds deposit machines Coin wrappers
<b>Other</b>	Other than those above	Other than those above

## Financial Data (Consolidated)

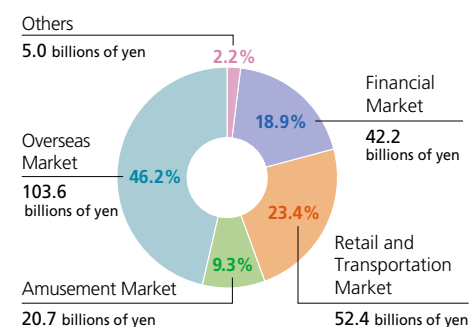
### Net Sales



### Operating Income

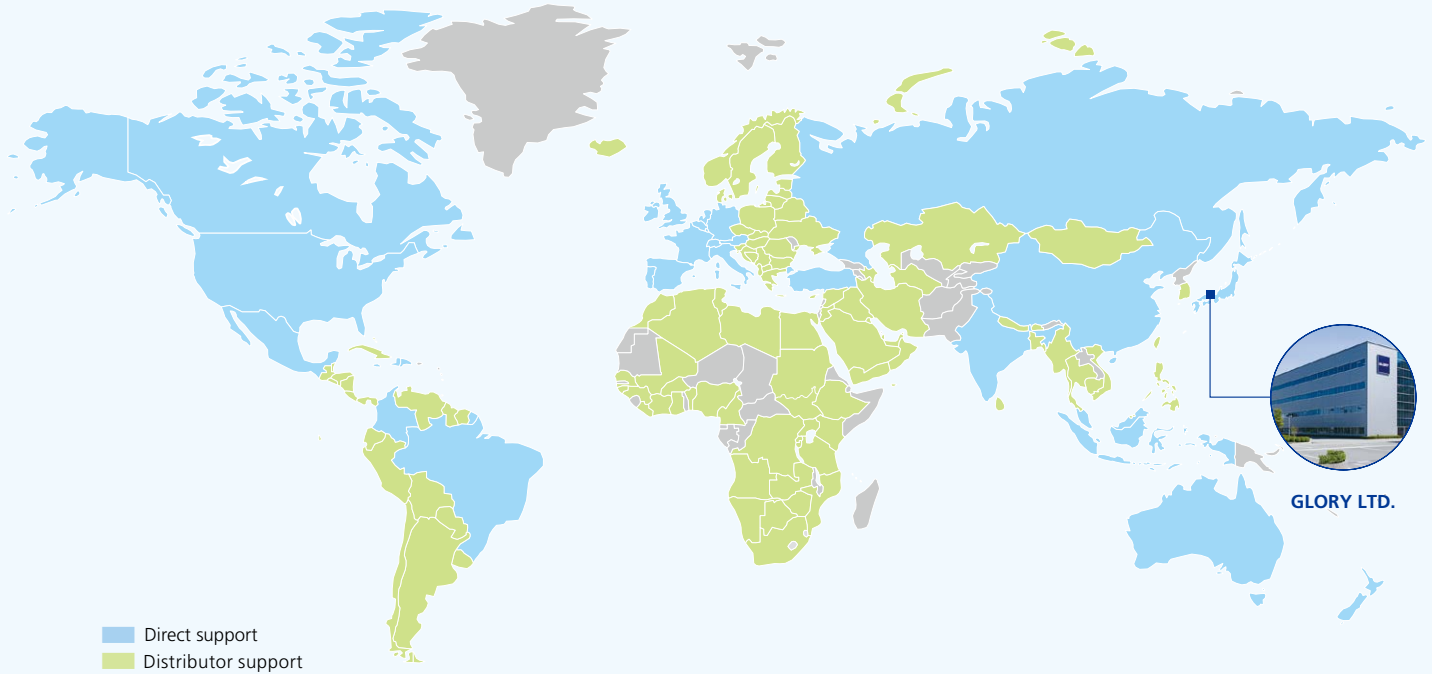


### Sales and Sales Composition Ratio by Business Segment



## Glory Group's Global Operations

The Glory Group operates its direct sales and maintenance service network in more than 20 countries. We provide products and solutions in more than 100 countries.



### Group Companies

#### JAPAN

##### Development & Manufacturing

###### 6 companies

- GLORY Products Ltd.
- GLORY AZ System Co., Ltd.
- GLORY System Create Ltd.
- GLORY Friendly Co., Ltd.
- GLORY Mechatronics Ltd.  
(and one other company)

##### Sales & Maintenance

###### 8 companies

- GLORY Service Co., Ltd.
- Hokkaido GLORY Co. Ltd.
- GLORY IST Co., Ltd.
- GLORY NASCA Ltd.
- GLORY Techno 24 Co., Ltd.
- GLORY Engineering Ltd.
- Japan Settlement Information Center Ltd.  
(and one other company)

#### EMEA

##### Sales & Maintenance

###### 23 companies

- Sitrade Italia S.p.A.
- Glory Global Solutions Ltd.
- Glory Global Solutions (Topco) Ltd.
- Glory Global Solutions (Midco) Ltd.
- Glory Global Solutions (Holdings) Ltd.
- Glory Global Solutions (International) Ltd.
- Glory Global Solutions (France) S.A.S.
- Glory Global Solutions (Belgium) N.V./S.A.
- Glory Global Solutions (Germany) GmbH
- Glory Global Solutions (Netherlands) BV
- Glory Global Solutions (Spain) S.A.
- Glory Global Solutions (Switzerland) A.G.
- Glory Global Solutions (Portugal) S.A.
- Glory Global Solutions RUS, LLC
- Glory Global Solutions (Ireland) Ltd.
- Glory Global Solutions (Austria) GmbH
- Glory Global Solutions Nakit Otomasyon Teknolojileri Ltd. ti.
- Cash Payment Solutions GmbH
- Acrelec Group S.A.S.  
(and 4 other companies)

#### AMERICAS

##### Sales & Maintenance

###### 6 companies

- Glory Global Solutions Inc.
- Glory Global Solutions (Canada) Inc.
- Glory Global Solutions (Brasil) Máquinas e Equipamentos Ltda .
- Glory Global Solutions (Colombia) S.A.
- Glory Global Solutions México, S.A. de C.V.  
(and one other company)

#### CHINA · ASIA PACIFIC

##### Manufacturing

###### 5 companies

- GLORY Denshi Kogyo (Suzhou) Ltd.
- GLORY (PHILIPPINES), INC.
- GLORY IPO Asia Ltd.
- GLORY IPO China Ltd.  
(and one other company)

##### Sales & Maintenance

###### 9 companies

- Glory Global Solutions (Singapore) Pte. Ltd.
- Glory Global Solutions (Australia) Pty. Ltd.
- Glory Global Solutions (New Zealand) Ltd.
- Glory Global Solutions (South Asia) Pvt. Ltd.
- Glory Global Solutions (Malaysia) Sdn. Bhd.
- Glory Global Solutions (Shanghai) Co., Ltd.
- Glory Currency Automation India Pvt. Ltd.
- PT. Glory Global Solutions Indonesia
- Glory Global Solutions (Hong Kong) Ltd.

# Establishing a New Style of Cash Circulation

Representative initiatives for creating a new style of cash circulation with our new partners are summarized below.



France



## Self-Service Kiosks that Improve Customer Experience while Meeting Labor-Saving Needs

### Acrelec Group S.A.S.

Acrelec Group S.A.S. (Acrelec; headquartered in Saint-Thibault-des Vignes, France) has end-to-end capability encompassing the development, manufacturing, and sales of self-service kiosks\*, with 19 bases mainly in Europe. Acrelec provides products and services to major fast-food chains and retailers in over 80 countries around the world.

The combination of Acrelec’s self-service kiosks with Glory’s coin and banknote recyclers will deliver a self-service solution that meets the needs of both cash and non-cash payments, this is expected to help save power and labor in shop management while also enhancing the customer experience. In addition, we will utilize the AI integrated into Acrelec software to collect and analyze sales data and in turn boost operational efficiency while offering a user-friendly service by displaying information optimized for each customer.

\*Self-service kiosks allow users to place orders and settle accounts on their own. They have attracted attention as a means for improving operational efficiency and supporting new businesses that utilize the sales data they collect.



Installation image

### Acrelec’s Business Bases





Singapore

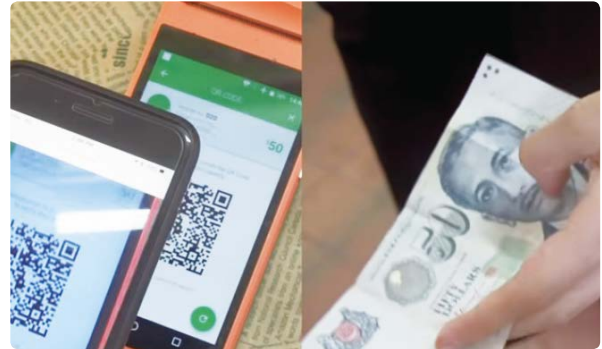


## Cash-Out Service for Greater User Convenience and Cash Flow Efficiency

### SOCASH PTE. LTD.

SOCASH PTE. LTD. (soCash; headquartered in Singapore) develops and provides a cash-out service that allows consumers to withdraw cash at the point of sale in retail stores. Users can withdraw cash at the nearest store instead of having to visit a financial institution. The service also allows stores to cut their cash-in-transit costs by allocating part of their sales to withdrawals and thus reducing the frequency of collections.

Our collaboration with soCash will enable us to transcend the boundaries of financial institutions and retail stores to create an efficient cash circulation cycle for society as a whole.



Users present the read-only QR code displayed on their mobile phone to withdraw cash from the cashier.

Germany



## Cash Settlement Platform Generating Multiple Benefits

### Cash Payment Solutions GmbH

Cash Payment Solutions GmbH (CPS; headquartered in Germany) develops and provides a comprehensive cash settlement platform that uses POS registers in retail shops. Users can deposit and withdraw cash from their bank account and pay e-commerce and utility bills with cash by presenting the CPA-issued barcode at the register. Stores can expect to attract more customers and reduce cash-in-transit costs, while partner banks can offer deposits and withdrawals at a lower cost than ATMs and bank tellers. As an additional benefit of the service, e-commerce operators can attract consumers who prefer cash payments.



Cash payment service in use

CPS and Glory share a common strength in networks that straddle the financial and logistics sectors. By combining CPS' cash payment solution and Glory's cash handling solutions, we will be able to integrate the digital society with physical cash to realize a new style of cash circulation.



VOICE

**Together with Glory, we will provide services that increase the convenience of using cash.**

More than 60% of Germans do not own credit cards, and many have given up shopping online. Since cash is still widely used here, I sought to create an infrastructure that would make it more convenient to use cash by integrating the Internet with cash settlements. This is how I was able to develop a cash payment platform.

I am aware of Glory as a global player with superior expertise and an extensive network. Collaboration between CPS and Glory will generate synergies that exceed expectations and enable us to expand our services across Europe to create a society that is even more convenient and secure.

**Mr. Sebastian Seifert**

Managing Director, Cash Payment Solutions GmbH

# Glory's CSR

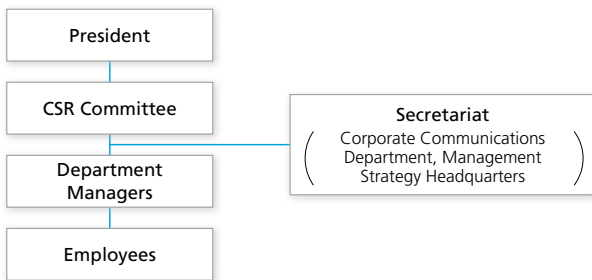
## Basic Philosophy

Under our corporate philosophy of contributing to the development of a more secure society through a striving spirit and cooperative efforts, the Glory Group participates in realizing a sustainable society by addressing social issues and creating new value through advanced technologies and the core technologies developed.

## CSR Promotion Framework

The Glory Group's CSR management is led by the CSR Committee, which is chaired by the President and made up of executives. The committee convenes twice a year, at which time it deliberates on the basic direction and plans for CSR management and establishes policies for major annual CSR initiatives.

### CSR Promotion Framework



## CSR Education

Every employee in the Glory Group receives a copy of the *Guidelines of GLORY* handbook, which contains information such as the corporate philosophy, management creed, and the Corporate Action Guidelines. The handbook is available in eight different language versions to ensure that employees around the world have the shared understanding needed to realize Glory's corporate philosophy. Glory also seeks to deepen employee understanding of CSR through an e-learning program and the publication of CSR-related information on its intranet.

And in fiscal year 2019, we invited outside experts to hold a seminar on ESG for relevant departments.



Guidelines of GLORY handbook

## United Nations Global Compact

Glory signed the United Nations Global Compact in March 2014. We believe that the ten principles of the four areas of human rights, labour, environment, and anti-corruption share common values with our Group's Corporate Action Guidelines. By making various efforts based on these guidelines, the Glory Group will strive to realize its Corporate Philosophy while at the same time taking actions to address global challenges.



### The Ten Principles of the United Nations Global Compact

Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4: the elimination of all forms of forced and compulsory labour;
	Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;
	Principle 8: undertake initiatives to promote greater environmental responsibility; and
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

**WEB** | **Glory signs the United Nations Global Compact**  
[https://corporate.glory-global.com/csr/csr\\_news/detail/id=722](https://corporate.glory-global.com/csr/csr_news/detail/id=722)

## Contribution to Achieving the Sustainable Development Goals (SDGs)

The SDGs, adopted by the United Nations in 2015, represent worldwide goals for 2030 related to social issues such as poverty, employment, and environmental protection. Glory is striving to address such global challenges and contributes to the realization of a sustainable society by achieving SDGs through its business operations.

### SUSTAINABLE DEVELOPMENT GOALS



## Stakeholder Engagement

Glory openly communicates with stakeholders and discloses appropriate information.

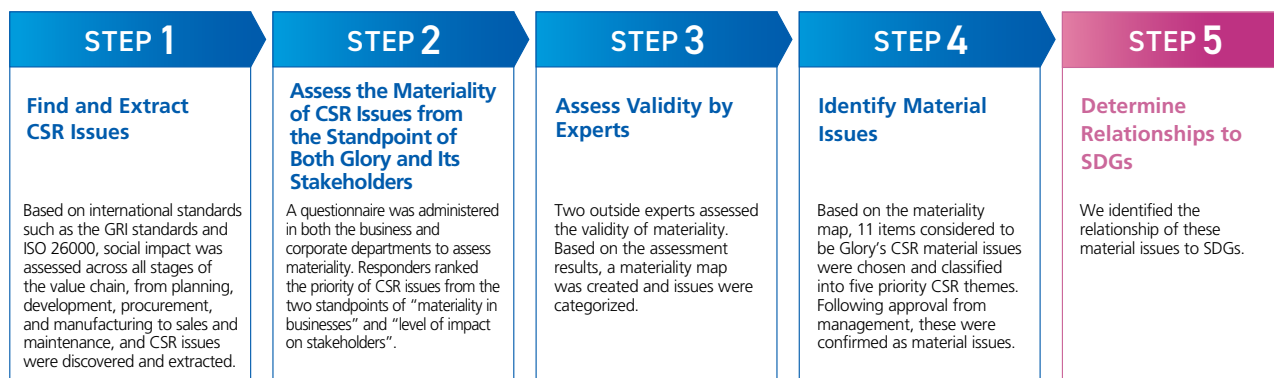
Stakeholders	Principal Engagement Opportunities	
<p><b>Customers</b></p> 	<p>When Glory introduces products and solutions in Japan or other parts of the world, it uses these occasions to communicate directly with customers.</p> <ul style="list-style-type: none"> <li>• Daily sales activities</li> <li>• Call Centers</li> <li>• Visits for maintenance</li> <li>• Exhibitions</li> <li>• Showroom tours</li> <li>• Factory tours</li> <li>• Glory's official website</li> </ul>	 <p>Participating in Euro Shop 2020, the largest trade show for retailers in Germany</p>
<p><b>Business Partners</b></p> 	<p>Suppliers are key partners that enable Glory to consistently manufacture high-quality products, and therefore the establishment of a system for cooperation is vital. The Glory Group focuses on maintaining trusting relationships that allow the Group and its suppliers to share the common goal of achieving a sustainable society.</p> <ul style="list-style-type: none"> <li>• Customary purchasing activities</li> <li>• Supplier Conferences</li> <li>• Quality Conferences</li> <li>• Quality Improvement Activity Workshops</li> <li>• Quality Policy Briefings for Suppliers</li> <li>• Visits to business partners</li> </ul>	 <p>Quality Improvement Activity Workshop</p>
<p><b>Shareholders and Investors</b></p> 	<p>Glory seeks to maintain long-term trusting relationships with shareholders and investors. To this end, it engages in constructive dialogue to deepen the understanding of Glory's management policies and business activities. It also improves management transparency through prompt, accurate, and fair information disclosure.</p> <ul style="list-style-type: none"> <li>• General meeting of shareholders</li> <li>• Financial results briefings</li> <li>• Conference calls</li> <li>• Visits to institutional investors</li> <li>• Small meetings</li> <li>• Showroom tours, factory tours</li> <li>• Briefings for individual investors</li> <li>• IR section of the Glory website</li> </ul>	 <p>Showroom tour for shareholders following the general meeting of shareholders</p>
<p><b>Employees</b></p> 	<p>Senior executives closely interact with employees to enhance their sense of involvement in business management, boost motivation, and foster a sense of unity across the Glory Group.</p> <ul style="list-style-type: none"> <li>• Meetings with the president, president's site visit</li> <li>• Group company visits</li> <li>• Labor-management consultation</li> <li>• Employee awareness surveys</li> <li>• Goals/career interviews</li> <li>• Various training and educational programs</li> <li>• In-house newsletter</li> <li>• Intranet</li> </ul>	 <p>President's site visit</p>
<p><b>Local Communities</b></p> 	<p>As a good corporate citizen, Glory actively participates in social contribution and environmental protection activities around the world.</p> <ul style="list-style-type: none"> <li>• Fostering the next generation through the GLORY Foundation for Elementary School Students</li> <li>• Supporting the promotion of sports</li> <li>• Programs to support developing countries</li> <li>• Forest conservation, tree-planting, and clean-up activities</li> <li>• Nature appreciation events</li> <li>• Collaboration with NPOs</li> </ul>	 <p>Participating in a riverbed cleanup activity (Philippines)</p>

# Glory's CSR

## Glory's CSR Material Issues

### Process for identifying CSR material issues and their relationship to SDGs

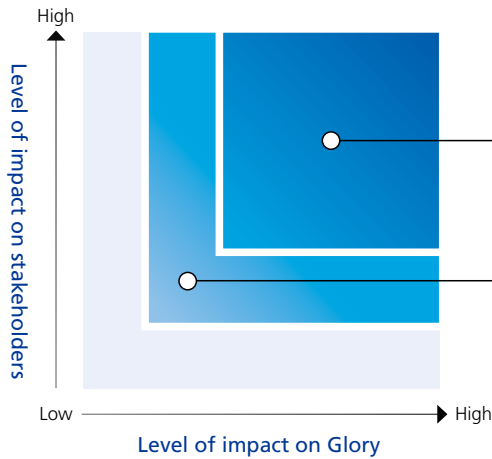
We identified priority material issues based on the following process and identified the relationship of these material issues to SDGs.



### CSR Material Issues

	Priority CSR Themes	Material Issues	Targets for Fiscal Year 2019
Creating new value	New value creation through business	<ul style="list-style-type: none"> <li>Build a business model that contributes to the advancement of customers' business and helps them boost their operational efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Build solutions using diverse data</li> </ul>
		<ul style="list-style-type: none"> <li>Aim to be a reliable partner to customers, and establish a scheme for periodically confirming progress and customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Select model customers and periodically review</li> </ul>
Environment	Environmental protection	<ul style="list-style-type: none"> <li>Reduce energy consumption per employee</li> </ul>	<ul style="list-style-type: none"> <li>Reduce energy consumption per employee by 1% (base year: fiscal year 2010)</li> </ul>
		<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions from new products</li> </ul>	<ul style="list-style-type: none"> <li>Improve energy efficiency of newly developed products by at least 15% compared to previous models</li> </ul>
Society	Human resource initiatives	<ul style="list-style-type: none"> <li>Promote work-style reform</li> </ul>	<ul style="list-style-type: none"> <li>Implement and verify new ways of working</li> </ul>
		<ul style="list-style-type: none"> <li>Support and secure human resources essential to Glory's business</li> </ul>	<ul style="list-style-type: none"> <li>Offer job-level-specific training and support candidates who can lead the company in the future</li> </ul>
	Promotion of CSR in the supply chain	<ul style="list-style-type: none"> <li>Conduct CSR-oriented procurement worldwide</li> </ul>	<ul style="list-style-type: none"> <li>Continue to use the CSR voluntary checklist, and work to improve assessment score</li> <li>Spread activities to overseas sites</li> </ul>
Governance	Strengthening of governance	<ul style="list-style-type: none"> <li>Strengthen corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Conduct activities in line with the Corporate Governance Guidelines</li> </ul>
		<ul style="list-style-type: none"> <li>Strengthen risk management activities and communicate to Glory Group companies</li> </ul>	<ul style="list-style-type: none"> <li>Conduct risk management from a global perspective and communicate activities to Glory Group companies</li> </ul>
		<ul style="list-style-type: none"> <li>Strengthen compliance management and communicate to Glory Group companies</li> </ul>	<ul style="list-style-type: none"> <li>Conduct job-level-specific compliance education, and strengthen collaboration with Glory Group companies</li> </ul>

## Materiality Map



- Build a business model that contributes to the advancement of customer's business and helps them boost their operational efficiency
  - Aim to be a reliable partner to customers, and establish a scheme for periodically confirming progress and customer satisfaction
  - Reduce energy consumption per employee
  - Reduce CO<sub>2</sub> emissions from new products
  - Promote work-style reform
  - Strengthen corporate governance
- 
- Carry out biodiversity preservation activities in cooperation with stakeholders
  - Support and secure human resources essential to Glory's business
  - Conduct CSR-oriented procurement worldwide
  - Strengthen risk management activities and communicate to Glory Group companies
  - Strengthen compliance management and communicate to Glory Group companies

Results for Fiscal Year 2019	Targets for Fiscal Year 2020	Linkage to SDGs
<ul style="list-style-type: none"> <li>Provision of a prescription input support system based on OCR technology for insurance pharmacies</li> <li>Demonstration of a biometric payment service using a combination of facial recognition and speech recognition for the practical application of personal authorization platform</li> <li>Demonstration of the application, "Rejitomo," a service that aggregates cash register sales through the use of a smartphone</li> <li>Trial launch for the commercialization of store business support application, "Shoppers Cloud"</li> </ul>	<ul style="list-style-type: none"> <li>Implementing external proof of concept (PoC) for the facial recognition payment system</li> <li>Provide electronic know your customer (eKYC) solutions</li> </ul>	8 9 11 12
<ul style="list-style-type: none"> <li>Support for store reform by analyzing customer and employee behavior through the use of AIBeacon at model customers' experimental stores</li> </ul>	<ul style="list-style-type: none"> <li>Conduct regular reviews with model customers based on big data analysis</li> </ul>	8 12 17
<ul style="list-style-type: none"> <li>Annual average energy consumption per employee reduced by 2.2% (base year: fiscal year 2010)</li> </ul>	<ul style="list-style-type: none"> <li>Reduce energy consumption per employee by 1% (base year: fiscal year 2010)</li> </ul>	13
<ul style="list-style-type: none"> <li>Average reduction of 11.1% (targets achieved for 7 out of 14 models, which were approved as G-Eco products)</li> </ul>	<ul style="list-style-type: none"> <li>Improve energy efficiency of newly developed products by at least 15% compared to previous models</li> </ul>	7 12 13
<ul style="list-style-type: none"> <li>100% achievement ratio for yearly plans                             <ul style="list-style-type: none"> <li>Himeji: Glory Yumesaki Forest                                     <ul style="list-style-type: none"> <li>Forest conservation activity (82 participants, including six from one supplier)</li> <li>Nature experience event for families (82 participants including nine from one supplier)</li> </ul> </li> <li>Kanto area: Kamikawa in Hachioji, Tokyo (designated greenery conservation area)                                     <ul style="list-style-type: none"> <li>Forest conservation activity (53 participants, including five from one supplier)</li> <li>Arakawa riverside in Tokyo</li> <li>Riverside clean-up project (21 participants)</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Carry out 100% of activities planned for this fiscal year</li> </ul>	14 15
<ul style="list-style-type: none"> <li>Introduction of teleworking (mobile work, working at home)</li> <li>Trial of the flextime system</li> </ul>	<ul style="list-style-type: none"> <li>Implement and establish new ways of working</li> <li>Further promote of health management</li> </ul>	5 8 10
<ul style="list-style-type: none"> <li>Implementation of Glory Business College training for future executives (total of seven programs)</li> </ul>	<ul style="list-style-type: none"> <li>Continue offering job-level-specific training and support candidates who can lead the company in the future</li> </ul>	4 5 8 10
<ul style="list-style-type: none"> <li>Implementation of survey using the CSR voluntary checklist (451 primary suppliers), feedback to companies that responded (98% response rate)</li> <li>Implementation of survey by GLORY Products Ltd. using the CSR voluntary checklist (62 primary suppliers), feedback to companies that responded (95% response rate)</li> <li>Implementation of survey by GLORY IPO Asia Ltd. using the CSR voluntary checklist (80 primary suppliers), feedback to companies that responded (76% response rate)</li> <li>Preparation for further expansion of the CSR voluntary checklist at overseas sites</li> <li>Preparation for the memorandum on CSR procurement</li> </ul>	<ul style="list-style-type: none"> <li>Continue to use the CSR voluntary checklist, and work to improve assessment score</li> <li>Pursue activities at the purchasing division at Glory Global Solutions (Singapore) Pte. Ltd.</li> </ul>	8 10 12 17
<ul style="list-style-type: none"> <li>Decision to transition to a company with an Audit &amp; Supervisory Committee</li> <li>Amendment of the Corporate Governance Guidelines (June 2019)</li> <li>Reinvigorating, streamlining, and digitizing Board meetings through paperless management</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen supervisory functions of the Board and accelerate decision-making in line with the transition to a company with an Audit &amp; Supervisory Committee (delegation of authority)</li> <li>Amend the Corporate Governance Guidelines (June 2020)</li> <li>Revitalize Board meetings further and streamlining proposals</li> </ul>	16
<ul style="list-style-type: none"> <li>Unification of risk assessment items and criteria with overseas Group companies</li> <li>Implementation of Glory's business continuity plan (BCP) training for emergencies such as major earthquakes and cyber attacks, and reviewing the effectiveness of existing manuals</li> </ul>	<ul style="list-style-type: none"> <li>Develop risk assessment items further with overseas Group companies</li> <li>Response to the COVID-19 pandemic</li> </ul>	16
<ul style="list-style-type: none"> <li>Implementation of job-level-specific compliance education for Glory and Group companies in Japan and overseas</li> </ul>	<ul style="list-style-type: none"> <li>Enhance and strengthen legal functions in line with business development</li> <li>Enhance of the global compliance system</li> <li>Implement job-level-specific compliance education for Glory and Group companies in Japan and overseas</li> </ul>	10 16

## Major CSR Initiatives in the Value Chain

The Glory Group clarifies its challenges after considering how Group business activities might impact society and the environment throughout the value chain and based on a detailed review of SDGs with 169 targets. We are implementing these major initiatives below for each stakeholder category while aiming to increase positive impacts, minimize negative impacts, and contribute to SDGs.

Increasing Positive Impacts



### Human Resource Initiatives

- Promote work-style reform
- Support and secure human resources essential to Glory's business

- Plan, develop, and provide products that match customer needs

Sell products and solutions in over **100** countries



### New Value Creation through Business

- Create new value and solutions



- Ensure quality
- Incorporate universal design
- Develop products utilizing new technologies

R&D sites

**11** sites in **7** countries

R&D investment

**14** billion yen (consolidated)

R&D personnel

Japan: approx. **800**

Overseas: approx. **400**



- Ensure quality and pursue appropriate, competitive pricing
- Strengthen partnerships with suppliers



## Planning

## Development

## Procurement

- Map out the product life cycle



### Promotion of CSR in the Supply Chain

- Promote CSR-oriented procurement in unison with suppliers
- Respect human rights within the supply chain

Response rate of the CSR voluntary checklist

**98** % (GLORY LTD.)

**95** % (GLORY Products Ltd.)

**76** % (GLORY IPO Asia Ltd.)



### Environmental Protection

- Promote green procurement
- Preserve biodiversity

CO<sub>2</sub> emissions from parts and materials procured

Scope 3, Category 1

**151,288** t-CO<sub>2</sub>

(15.9% decline over previous fiscal year)



Minimizing Negative Impacts



### Human Resource Initiatives

- Respect human rights and ensure occupational health and safety
- Promote a work-life balance

Annual working hours (per employee)

**2,004** hours/year

Lost Time Injury Frequency Rate

**0.80**



Priority CSR Themes ■ Customers ■ Business partners ■ Employees ■ Local communities ■ Environment



Environmental Protection ■ ■ Plan, develop, and provide environmentally friendly products

Environmentally friendly products    Environmentally friendly products   
 Developed **7** models                      Account for **65.3** % of sales

- Ensure quality and reliable supply
- Shorten lead time
- Boost cost competitiveness

Manufacturing system  
**9** sites in **3** countries



- Provide appropriate information on products and services
- Properly manage customer information and personal information



- Provide products and solutions in a timely manner that match customer needs



- Provide prompt, reliable maintenance
- Improve maintenance quality through customer focus
- Plan services that match customer needs

Number of maintenance personnel

Japan: approx. **1,000**  
 Overseas: approx. **2,400**



**Manufacturing**

- Manufacturing and distribution processes that facilitate saving, recycling, and reusing resources

Waste volume  
**1,578** t (Japan and overseas)

Zero-emission sites

**8** sites (Japan)



- Ensure safety in the vicinity of each plant

**Sales**

- Reduce environmental impact by use of products, transportation, and disposal

CO<sub>2</sub> emissions from product usage

**Scope 3, Category 11**

**168,131** t-CO<sub>2</sub>  
 (15.8% decline over previous fiscal year)

CO<sub>2</sub> emissions from transportation and shipping

**Scope 3, Category 4**

**10,711** t-CO<sub>2</sub>  
 (18.9% decline over previous fiscal year)

Collection of used products (using the Wide-area Certificate System)

Approx. **156** t  
 (GLORY LTD., Hokkaido GLORY Co., Ltd.)



**Maintenance**

- Switch to eco-cars
- Sell CFC-free cleaning goods (Recycle Jet)

Number of newly filled Recycle Jets

**53,356** units  
 (Reduced CO<sub>2</sub> emissions: approx. 27,745 t)

CO<sub>2</sub> emissions from product disposal

**Scope 3, Category 12**

**1,771** t-CO<sub>2</sub>  
 (33.0% decline over previous fiscal year)



Environmental protection

Energy-induced CO<sub>2</sub> emissions

**Scope 1**    **Scope 2**

**13,230** t-CO<sub>2</sub> (12.6% decline over previous fiscal year)



## Products and Services

Under its Quality Policy, Glory provides safe, high-quality products and services.

### Quality Policy

Glory established its Quality Policy in 1999 and seeks to ensure uniform quality based on three priority guidelines. Thorough quality control is implemented throughout all stages of its business operations, from product planning, development, procurement, and manufacturing to sales and maintenance, so that it can respond to customer needs and develop reliable products and services.

#### Quality Policy

We will provide products and services in a timely manner to win the confidence and satisfaction of customers.

##### Three Priority Guidelines

- 1 By sensing advanced market needs, develop products that are attractive to customers.
- 2 Establish the quality of products at the earliest stage possible.
- 3 Place importance on the customers' first impression of quality and on after-sales services.

To achieve the above, our company will satisfy the requirements of laws and regulations and customers' requirements, and continually improve the effectiveness of the quality management system.

### Quality Management System

All our business sites and regional offices in Japan have acquired ISO 9001 international standard certification.

We formulate the annual quality control policy under the Basic Policy for Management and Quality Policy. Under each year's policy, we work to improve our quality assurance system as well as the quality of our products and services to earn customer trust.

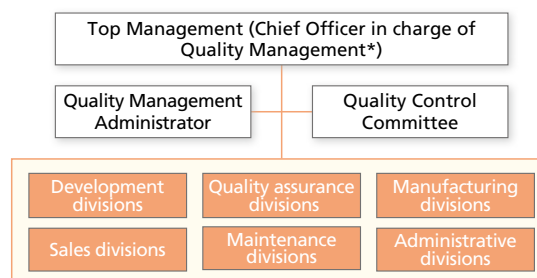
Furthermore, we disseminate the annual quality control policy across departments, review the status of the implementation, and horizontally share information on quality problems and counter measures across departments through the establishment of the Quality Control Committee and a management review. Through these efforts, we work together to conduct quality control activities aligned with our business by applying PDCA cycles.

With regard to our product quality management system, the Quality Assurance Department is responsible for quality assurance from development through to the shipping of products, while the Maintenance Department handles the quality control of all post-shipping maintenance services.

We also established the Quality Control Department for overall quality control, and we continue to improve our entire internal quality management system.

To prevent recurrence of quality issues, we hold product safety meetings, attended by representatives from the related departments, to periodically evaluate the effectiveness of measures conducted through examination and discussion as well as standardization.

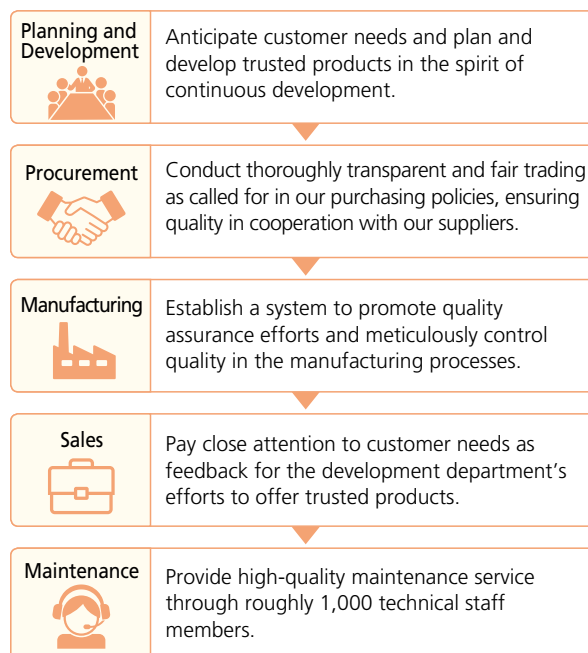
#### Quality Management System



\*Chief officer of the quality management system, entrusted by the president with all authority and responsibility to promote and maintain the quality management system.

### Executing Consistent Quality Control

All Glory departments, from planning and development through maintenance, closely collaborate with each other and work to create products that satisfy the diverse needs of customers by conducting product and technical development from the client's perspective.





## Quality Assurance at the Planning and Development Stage

Subscribing to the general belief that 70% to 80% of product quality is determined at the planning and development stage, which sets the standard for all subsequent stages, Glory focuses continuous improvement from that point. Quality confirmation is then executed at every stage throughout manufacturing and shipping and by conducting design reviews and evaluation tests. In addition, the Quality Assurance Department conducts product safety reviews to confirm that no safety issues have emerged and ensures that our quality and safety controls are thorough and comprehensive. As a provider of products and services in over 100 countries around the world, Glory endeavors to enhance quality assurance from the development of quality control standards to the implementation of intensive staff training in order to develop products that comply with the respective regulations, laws, and standards of each country.

### Developing Human Resources Who Ensure Quality

We emphasize education and training to improve the technical skills of designers as part of our efforts to develop high-quality products. For instance, we conduct level-based training programs and enhanced training for young designers to develop and improve their fundamental design competencies and quickly acquire skills.

We also hold technical presentations to promote horizontal deployment of technologies, learn market characteristics, and improve the technical skills of designers. Each department shares its top technological achievements towards improving the speed of delivering products with reliable quality to customers.



Training session for young designers

## Information Provision and Product Labeling

We focus on providing adequate information on products to enable safe customer use.

We have established guidelines for product information displays, labeling, and user manuals so customers can safely and efficiently use and maintain our products. Our guidelines stipulate type styles, writing styles, and other information to prevent misunderstanding or misreading.

In addition, text is accompanied by illustrations and photos for greater clarity. Safety explanations in user manuals are provided in multiple languages so that customers around the world can use our products worry-free.

To prevent product failures from deterioration associated with long-term use, we attach precaution labels to items such as coin and banknote recyclers for tellers and banknote changers. The information is also posted on our website.



To safely use our product (Japanese only)

<https://www.glory.co.jp/safety/>

## Efforts to Improve Maintenance Quality

We pay close attention to post-shipping quality control to ensure that customers can confidently use our products, which are repaired and inspected by our technical staff.

Members of our technical staff constantly improve their technical skills and response capability to provide customers with fast, reliable maintenance service. In Japan, they attend group maintenance training and engage in self-study e-learning classes to acquire basic knowledge and practical skills. Follow-up courses are provided as needed after the initial training to ensure technical staff can maintain and enhance their skill levels. At overseas sites, we conduct group skill training by region or country. The staff responsible for each product model train technical staff in the products being offered in their market. Glory is strengthening the effectiveness of the training by having participants undergo preparatory study via an online education system ahead of the training day.

Maintenance managers from each region of the world meet to share their initiatives and success stories regarding their respective maintenance work and summarize their progress in actions underway on a global scale. In order to provide maintenance services that meet the diverse needs of customers, Glory will improve maintenance quality across the entire Glory Group and raise the level of performance at each of these operations.



Responding to a customer inquiry via telephone support



Maintenance service (Japanese only)

<https://www.glory.co.jp/support/>

# Supply Chain Management

We view our business partners as key partners and seek to establish a relationship of trust and mutual growth through fair and open trading as well as compliance with all laws and ordinances.

## Purchasing Policy

The Glory Group will procure parts from suppliers in a fair and transparent manner in all aspects of our transactions while strictly observing related laws and regulations and establishing relationships built on mutual trust. As we proceed with our procurement activities, we will consider both our CSR and environmental conservation toward developing a sustainable society.

### 1. Strict compliance with legal and social norms

In addition to strict compliance with applicable laws, we respect the ethical norms of society and promote transparency, fairness, and equitability in our purchasing activities.

### 2. Environmental preservation

Based on Glory's Environmental Policy, "We will act in environmentally safe ways and endeavor to provide environmentally-sound products with services that contribute to a sustainable society". We are committed to environmental preservation initiatives, and we have established Green Procurement Standards covering the purchasing and procurement of materials.

### 3. Fairness and impartiality in transactions

Glory provides opportunities on an impartial basis to all suppliers who comply with our selection guidelines, regardless of whether or not they are based in Japan and without regard to prior transaction history. We endeavor to find the best suppliers for our company by maintaining free competition and ensuring fair evaluation and selection.

### 4. Maintenance of quality and competitive and reasonable pricing

Our Quality Policy is "We will provide products and services in a timely manner to win the confidence and satisfaction of customers". We focus on quality, price, delivery schedules, and technological development, and we make active use of proposals from our suppliers regarding new materials and ways to lower costs.

### 5. Mutual advancement based on relationships of trust

Through fair transactions, we aim to establish relationships of trust with suppliers and contribute to our mutual advancement.

### 6. Management and protection of information

Confidential business and technical information acquired by Glory in the course of purchasing transactions is managed strictly and never divulged to outside parties without the consent of the supplier concerned.

### 7. Promotion of CSR-conscious procurement

We promote our procurement activities with business partners throughout its supply chain.

## Strengthening Partnerships with Suppliers

Our suppliers are important partners that enable Glory to manufacture high-quality products consistently, and the cooperative system we have in place is vital.

We therefore hold the annual Supplier Conference in Japan, where we explain the company's current situation, strategies, purchasing policy, and CSR efforts. In fiscal year 2019, the conference was held in May with 170 business partners in attendance. Conferences are also organized overseas by GLORY Products Ltd. (72 suppliers), GLORY Denshi Kogyo (Suzhou) Ltd. (97 suppliers), and GLORY (PHILIPPINES), INC. (62 suppliers) to build relationships of trust that allow Glory and its suppliers to take on the common goal of achieving a sustainable society. The Supplier Conference includes an award ceremony for suppliers who have demonstrated an excellent performance in such areas as quality and cost reduction.

We also regularly hold our Quality Conferences, to share information on quality and manufacturing processes and examine related issues, and Quality Improvement Activity Workshops or Substrate Quality Policy Briefings, during which suppliers present their quality improvement initiatives. These provide opportunities for suppliers to share best practices as well.

Our parts acceptance unit also conducts periodic inspection visits to our suppliers for onsite reviews of manufacturing processes and to offer advice for improvements.



Supplier Conference in Japan



Supplier Conference held by GLORY Denshi Kogyo (Suzhou) Ltd.

## Promotion of CSR Procurement

Glory issued the Glory CSR Procurement Guidebook for suppliers in Japan and Glory Supplier Code of Conduct for overseas suppliers to further promote CSR procurement in March 2014. The guidebook stipulates the Group's basic stance on CSR as well as Glory's requests to business partners such as respect for human rights, occupational health and safety, and anti-corruption as well as environmental protection. Glory uses the guidebook to encourage cooperation with business partners in promoting CSR initiatives throughout its supply chain.

The Glory Group is taking steps to comply with the code of conduct established by the Responsible Business Alliance (RBA, formerly EICC), a CSR promotion organization for supply chains mainly in the electronic device industry, and the conflict mineral survey.

### Efforts to Promote CSR Procurement

Glory periodically monitors the CSR efforts of business partners through a survey that includes its CSR voluntary checklist to determine their progress in CSR efforts.

In fiscal year 2019, the company surveyed 451 domestic primary business partners who handle around 80% of Glory's total purchases, and findings were reported to the 440 suppliers who responded (response rate: 98%). In addition, 62 domestic primary business partners for GLORY Products Ltd. (response rate: 95%) and 80 primary suppliers for GLORY IPO Asia Ltd. (response rate: 76%) were also surveyed and received the results.

For our first transaction with a business partner, we ensure that they understand the legal compliance, environmental protection, and CSR procurement requirements of our purchasing policy and ask them to comply with the Glory CSR Procurement Guidebook and Green Procurement Standard. In addition, we execute a memorandum of understanding on CSR procurement with business partners, including a request for cooperation on the CSR voluntary checklist to promote sustainable procurement together.



#### Glory Supplier Code of Conduct

[https://corporate.glory-global.com/files/user/csr/pdf/glory\\_supplier\\_code.pdf](https://corporate.glory-global.com/files/user/csr/pdf/glory_supplier_code.pdf)

#### CSR voluntary checklist (Japanese only)

<https://www.glory.co.jp/files/user/csr/pdf/checklist.xls>

#### Request for consent of the Glory CSR Procurement Guidebook (Japanese only)

[https://www.glory.co.jp/files/user/csr/pdf/csr\\_format.xls](https://www.glory.co.jp/files/user/csr/pdf/csr_format.xls)

## Promoting Green Procurement

Glory established the Green Procurement Standard to put into action its basic policy of promoting environmentally sound purchasing. We will remain committed to the purchasing of materials and parts that have minimal environmental impact with the cooperation of our suppliers.



#### Green Procurement Standard, 20th edition

[https://corporate.glory-global.com/files/user/csr/pdf/gr\\_guide\\_en.pdf](https://corporate.glory-global.com/files/user/csr/pdf/gr_guide_en.pdf)

#### Specified Chemical Substances, 23rd edition

[https://corporate.glory-global.com/files/user/csr/pdf/gr\\_list\\_en.pdf](https://corporate.glory-global.com/files/user/csr/pdf/gr_list_en.pdf)

## Supplier Compliance Hotline

The Glory Group operates the Supplier Compliance Hotline as a point of contact to raise concerns about Group compliance violations in order to further encourage transparent and fair purchasing trading with them. These whistleblowing reports are filed by the relevant department of GLORY LTD., which is independent of Glory's subject procurement department, where they are properly handled through an investigation of the facts and circumstances.

No compliance violations were reported by suppliers in fiscal year 2019.



#### Supplier Compliance Hotline (Japanese only)

[https://www.glory.co.jp/csr/society/supplychain\\_management/#anchor06](https://www.glory.co.jp/csr/society/supplychain_management/#anchor06)

## Developing Procurement Staff

The Glory Group focusses on employee education to promote CSR across its supply chain and ensure fair and open trading. The Group trains domestic and overseas procurement staff through an e-learning program, available in three languages. This consists of curriculum modules such as the Japanese Subcontract Act and CSR procurement, helping staff to improve their skills and acquire the knowledge they need.

A total of 123 employees (Japan: 93, China: 22, Singapore: 8) participated in training sessions during fiscal year 2019.

# Respecting Human Rights

We support various international rules related to human rights and respect for basic human rights.

## Basic Concept

All employees must abide by Glory's Corporate Action Guidelines, which stipulate rules on respect for individuals, talent development, and workplace safety. They also clearly call for respect for other employees' diversity, personalities, individual differences, and—above all—human rights. In addition, the Glory Legal Code of Conduct governing the laws and codes of ethics, which all Glory Group employees and business partners are expected to follow, stipulate the protection of human rights, including prohibition of discrimination and harassment, to ensure that human rights are respected in the course of conducting business and establishing the work environment. We also recognize various international rules related to human rights, such as the International Bill of Human Rights and Guiding Principles on Business and Human Rights as well as the respective laws of each nation or region.

Furthermore, the Glory Group has signed and participates in the United Nations Global Compact, which advocates universal principles covering the four areas of human rights, labor, the environment, and anti-corruption. The Group will continue to ensure respect for human rights as a cornerstone of its management.

## Consultation and Whistleblowing System for Human Rights

Glory has set up internal and external consultation services or helplines to handle inquiries and feedback, from regular and non-regular employees, related to all compliance matters in the Group, including human rights and harassment. When any problem related to human rights is identified through the services, the Legal Affairs Department, Human Resources Department, and other relevant departments work together to address the problem and prevent future incidents. In fiscal year 2019, 22 inquiries including harassment allegations were received and appropriately handled with information from the consultations.

A Supplier Compliance Hotline, which can be accessed anonymously, has also been set up. Whistleblowing reports including human rights issues are filed by the relevant department of GLORY LTD., which is independent of Glory's subject procurement department. No such reports were received in fiscal year 2019.

## Response to Risks Related to Human Rights

The Glory Group stipulates rules on respect for human rights, such as the prohibition of child labor and forced labor, the payment of appropriate wages, and restrictions on working hours in the Glory CSR Procurement Guidebook, which was formulated in March 2014 and revised in April 2018 to ensure respect for human rights throughout the supply chain and promote initiatives for compliance with business partners.

In addition, Glory Global Solutions (International) Ltd. discloses a statement on initiatives with business partners to prevent forced labor, human trafficking, and other prohibited actions, as resolved by the Board of Directors and in compliance with the UK government's Modern Slavery Act 2015.

In fiscal year 2019, no cases of child labor or forced labor were identified.

WEB

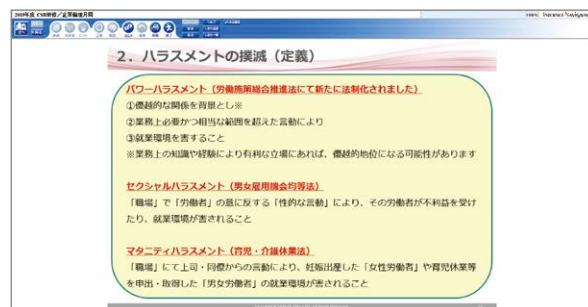
FY2019 Anti-Slavery and Human Trafficking Transparency Statement

[https://www.glory-global.com/en-gb/anti\\_slavery/](https://www.glory-global.com/en-gb/anti_slavery/)

## Initiatives for Raising Awareness of Human Rights

Glory is striving to raise employee awareness of human rights, such as the prohibition of discrimination and prevention of harassment.

In fiscal year 2019, we focused on training to eradicate harassment for newly appointed managers and through an e-learning program for all domestic Group employees.



E-learning material on a screen

# Human Resources

Glory respects every employee as an individual and strives to create an enriching, pleasant working environment.

## Promoting Diversity

Glory aims to build a workplace where every employee, regardless of nationality, race, religion, gender, age, or disability, can utilize their talents to the fullest.

### Equal Opportunities for Women

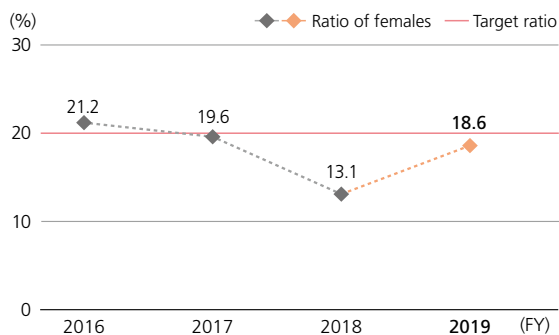
Since fiscal year 2011, Glory has been focusing on ensuring gender equality and delivering equal opportunities for female employees. The many efforts being implemented include steps for establishing a more worker-friendly workplace environment for all employees, including women, and awareness-raising activities for managers and female employees to change the corporate culture. In fiscal year 2016, Glory formulated an action plan based on Japan's Act on the Promotion of Women's Participation and Advancement in the Workplace and has been creating a more inclusive workplace while ensuring a higher representation of women.

In fiscal year 2019, 18.6% of the new graduate hires were female and the number of female managers was 17.

**Action Plan based on the Act on the Promotion of Women's Participation and Advancement in the Workplace**

- 1 Increase representation of female new graduate hires to 20% over the next three years
- 2 Double the number of female managers (section manager and above) over the next five years

Ratio of Female New Graduate Hires



Number of Female Managers

FY	2016	2017	2018	2019	Target (FY2021)
Female managers	11	15	16	17	22

### Recruitment of Foreign Nationals

Glory actively promotes the recruitment of foreign nationals under its policy for hiring excellent talent regardless of national origin. As of the end of fiscal year 2019, 11 foreign national employees from 5 nations, including China and Malaysia, are working at the company.

Meanwhile, we provide several services to support their livelihoods and help them become familiar with home and work life in Japan. Included are English-language menus at restaurants at the headquarters that address the dietary practices of certain religions, helping to establish a welcoming work environment where employees from various cultural backgrounds can feel comfortable.

### Employing People with Disabilities

In 1999, GLORY Friendly Co., Ltd. was established to offer people with disabilities opportunities to participate in society and build their self-reliance.

Employees take on tasks such as company janitorial work and greening, in-house documentation and mail delivery, and waste disposal. We are also focusing on expanding work areas so that each employee's personality and ability can be maximized.



Glory Friendly employees cleaning a public area

As of the end of fiscal year 2019, the ratio of employees with disabilities was 2.23%.

### Re-hiring Elderly Workers

Glory has established standards for employment extension in accordance with the Act on Stabilization of Employment of Elderly Persons. Those who have reached the retirement age of 60 are able to choose to extend their employment until 65. The system encourages senior employees to remain active in the workforce and ensures that their knowledge and experience are effectively leveraged.

In fiscal year 2019, 52 out of 59 employees who had reached retirement age were re-employed under the system.

## Work-Life Balance

Glory has in place numerous initiatives for promoting a work-life balance. These initiatives enable employees to match their job and work schedule to their lifestyle while maximizing their abilities and career potential.

## Human Resources

### Supporting Flexible Work Styles

Glory has implemented teleworking while also introducing a work-at-home program for office workers and a program for mobile workers toward improving the flexibility of its working environment and preventing the confinement of employees to specific locations and timeframes. During the initial outbreak of COVID-19, we enforced working from home as a rule and allowed staggered commuting while also separating work areas for certain operations to prevent infection. We continuously promote a shift system with flexible working hours as well as the work-at-home program and, as an additional prevention measure, institute split shifts in some operations where necessary.

### Work-Life Balance Support Systems

#### Balancing Work and Parenthood

Employees can take advantage of systems that allow them to place equal importance on raising children and carrying out their jobs.

An in-house daycare center called “G Kids Home” is opened for children of full-time employees. The center caters for children aged from 57 days up to the age at which they enter elementary school. The company also has provided subsidies to hire childcare services for parents working full-time at Glory sites other than the head office and have children who are in the third grade of elementary school.

Moreover, the shortened working hours system has been expanded in terms of eligibility so that working parents can take advantage of it until the end of a child’s third grade in elementary school and use it for a short term or re-apply. These measures allow employees to both develop their careers and raise children.



G Kids Home

#### Balancing Work and Caregiving

Glory has established a nursing care leave system whereby employees are entitled to up to 365 days of leave per family member and a shortened working hour system for nursing care of up to three years.

It also has a system that allows employees to accumulate unused annual paid leave that expires after two years of receiving it and use the leave for nursing care or personal sickness and injury. These revisions help balance time for work and that spent caring for sick or elderly family members.

### Reducing Long Work Hours

Glory strives to modify work processes and schedules to prevent working long hours on a routine basis. This helps to bolster mental and physical well-being and maintain work motivation.

In an effort to impress upon employees the importance of working efficiently, Glory has instituted “no-overtime days” and “no-overtime weeks”. To encourage employees to go home on time, the company has limited the number of overtime hours per day. Face-to-face consultations with the industrial physician are carried out for employees who routinely work long hours in order to prevent health problems.

## Fostering Human Resources

### Fostering Globally Minded Human Resources

Overseas sales account for approximately 46.2% of the Glory Group’s consolidated net sales, and overseas employees account for approximately 41.7% of all Group employees (as of the end of fiscal year 2019). The company therefore particularly emphasizes the fostering of human resources that can support international expansion.

#### Short-Term Overseas Study Program

The company has set up a short-term overseas study program where participants can attend language schools in Western countries so they can acquire the language and business skills needed to conduct business on the global stage, as a means for developing human resources with a global perspective. In fiscal year 2019, four employees participated in the program.



Employees at a language school

### Developing Candidates for Future Executive

Glory has implemented the Glory Business College training program, targeting management-level employees with the goal of developing candidates for next-generation executives. The seven training sessions and external seminars over a seven-month period aim to give participants the skills and knowledge they need to take on executive positions. The program also provides them with opportunities to network with internal and external contacts from various backgrounds. In fiscal year 2019, 18 employees participated in the program.

### ■ New Career-Building Initiatives

Glory helps employees achieve their personal career plans by providing systems and programs that support the development of their capabilities and further their careers.

#### Career Training

Glory holds level-specific career training for employees. For example, the Self-Inquiry Adventure Training is held for employees when they first join Glory, on their fourth year at the company, and when they are 30 years old. The program allows them to envision a career plan and grow into competent personnel who can achieve their career goals. In fiscal year 2019, a total of 280 employees took part in the program.

The company also offers other career training such as Life-Career Plan Training for employees over the age of 50. This gives them the opportunity to reflect on their careers, experience, skills, and strengths and think about the remainder of their career up to retirement.

## Labor Practices

### ■ Fair Evaluation and Treatment

To help both the company and its employees grow, and for clarifying the roles and responsibilities of each employee, Glory operates its "management by objective" system.

Under the system, employees meet with their supervisors semi-annually to evaluate progress against goals they defined at the beginning of each fiscal year and receive feedback.

Our Personnel System Guidebook concerning the Evaluation/Treatment/Remuneration System is made available to all employees, with the results of evaluations also disclosed to employees individually, thus increasing fairness, transparency, and credibility.

### ■ Sound Labor-Management Relationship

With the belief that maintaining a peaceful labor management relationship leads to healthy business development, Glory meets regularly with its labor union to discuss issues such as improved working conditions and management of working hours. Through open dialogue, it maintains and reinforces a healthy relationship between labor and management, encouraging both parties to grow together in harmony.

### ■ Creating Pleasant Working Environments Employee Awareness Surveys

Glory conducts employee awareness surveys targeting executive officers, employees, and senior employees on topics such as employee engagement, the environments where employees' abilities can best be utilized, awareness of harassment, and the penetration of CSR activities, aiming to create a pleasant working environment. In fiscal year 2017, 2,859 responded, a response rate of 86%, while in fiscal year 2019, 3,375 responded for a response rate of 96%.

Survey results are distributed to management in each department, and significant results are disclosed to line employees. The survey is also periodically conducted to monitor changes in employee satisfaction, identify emerging issues, and plan and develop countermeasures for improvement. The relative effectiveness of countermeasures is confirmed through subsequent surveys.

## TOPIC

### Certified as a "Best Workplace" in the "Great Company to Work for" Ranking

Glory Global Solutions (International) Ltd. strives to create a working environment in which every employee can fully engage and maximize their own performance. Since 2014, we have been using the Great Place to Work<sup>®</sup> survey platform and examined employee satisfaction indicators to enhance the working environment and support career development. As a result of these ongoing efforts, Glory Global Solutions (International) Ltd., Glory Global Solutions Inc., and Glory Global Solutions (Switzerland) A.G. were certified as a "Best Workplace" in 2019.



## Human Resources

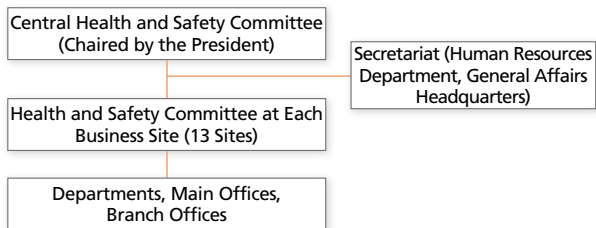
### Occupational Health and Safety

#### Structure for Managing Health and Safety

To maintain and reinforce the structure for managing health and safety, Glory established the Central Health and Safety Committee, to be responsible for creating annual and mid- to long-term company-level activity plans related to health and safety as well as Health and Safety Committees at each business site for creating their own respective activity plans.

Each committee meets monthly to discuss health promoting activities, occupational accidents, including root causes, and countermeasures. The committees also provide a forum for sharing information. Members include the safety operation manager, fire prevention manager, and other managers who deal with health and safety. As a result, the committees' activities cover a wide range of topics.

#### Framework for Managing Health and Safety

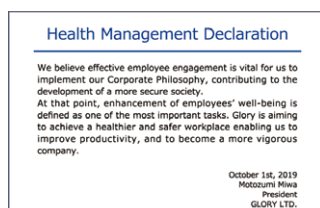


#### Activities for Occupational Health and Safety

Glory strives to prevent accidents during working hours and commuting with the objective of zero occurrence of both industrial and commuting accidents. Its Occupational Health and Safety System, based on OHSAS 18001, is in place at the head office and nearby factories. Under the system, safety efforts are based on health and safety management standards at the departmental level and focus on preventing occupational accidents through risk assessment.

### Promoting Health Management

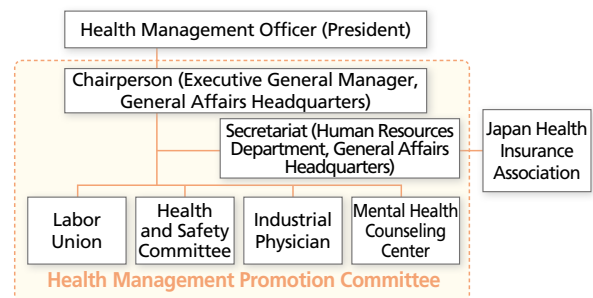
Glory believes that maintaining employee well-being is a key management concern for corporate activities and therefore established the Health Management Declaration to promote initiatives for maintaining employees' health.



#### Basic Policy of Health Management

- **Visualizing Health Conditions**  
We encourage every employee to be health-conscious and provide them with tools for preventing illnesses while supporting sound health. Collecting and visualizing their health condition also helps them to realize and analyze current problems and challenges and decide how to tackle them.
- **Encouraging Healthy Habits**  
We offer employees in-house seminars and events promoting personal health habits, such as adequate exercise, ideal dietary practices, and a better work-life balance, to improve their mental and physical well-being.
- **Creating a Healthy, Safe Workplace**  
We study motivations for existing "Presenteeism" to achieve a more comfortable workplace and lower the risk of mental and physical illness toward further boosting productivity.

#### Health Management Promotion Framework



In fiscal year 2019, we conducted a health questionnaire targeting all employees to further promote health management. The following actions have been implemented to address the challenges that emerged for strengthening health maintenance starting in fiscal year 2020.

#### Establishment of Healthy Habits

- To appreciate the benefits of exercise and raise awareness of physical activity
- To provide information on adequate eating habits
- To provide information on the life cycle of women and their health control

#### Measures for Risks of Smoking

- To prevent passive smoking
- To support smokers who wish to stop smoking

#### Improvement of Consultation Rate

- To improve the consultation rate for complete medical checkups as well as medical checkups aimed at preventing lifestyle diseases
- To improve the rate of receiving health guidance focused on metabolic syndrome
- To improve the consultation rate for follow-up checkups

Meanwhile, in March 2020, Glory was recognized as a Certified Health and Productivity Management Organization 2020 in the large enterprise category by the Certified Health and Productivity Management Organization Recognition Program operated by the Ministry of Economy, Trade and Industry and, Nippon Kenko Kaigi (Japan Health Council).





# Social Initiatives

Glory harmonizes and advances the interests of the company and society by actively conducting social action programs as a good corporate citizen.

## Fostering the Next Generation

### GLORY Foundation for Elementary School Students

In March 1995, Glory established the GLORY Foundation for Elementary School Students to support the sound development of young people. Through the foundation, the company conducts sports, arts, and cultural activities that include hands-on science classes, experience-based classes for parents and children, and a children's theater. A cumulative total of 106,000 people have taken part in these activities since the foundation was launched.

The foundation also assists organizations that work toward the sound development of elementary school students through activities in sports, science, and culture.

### Hands-on Science Classes

In hands-on science classes during the summer holidays, elementary school students build their own science projects, experiencing at first hand the wonders of science while also cultivating their creativity and unique powers of imagination. Glory employees take part by helping the students with their projects.

In the fiscal year 2019, science classes consisting of 200 students from grades three to six took on the challenge of building dinosaur mechas powered by windup springs and learned about the principle of electromagnetic induction.



Students build dinosaur mechas with guidance from a Glory employee

Dinosaur mecha

### Children's Theater

The Children's Theater project is held with the goal of enriching the aesthetic sensibilities of young people and planting in them the seeds of creativity.

In fiscal year 2019, a total of 3,200 elementary school students and their parents were invited to performances of the musical *The Story of a Seagull and the Cat Who Taught Her to Fly* by the Shiki Theatre Company.



A scene from *The Story of a Seagull and the Cat Who Taught Her to Fly*

### Hands-on Classes for Parents and Children

This program is held every spring and autumn with the goal of strengthening the bonds between parents and children through a range of fun and exciting experiences.

In fiscal year 2019, a total of 80 children and parents participated in the spring sessions of Hands-on Classes for Parents and Children and the Watch and Stage Seminar for the musical *The Little Mermaid* by the Shiki Theatre Company in the Osaka Shiki Theatre. In November of that year, 300 students and their parents were invited to view a hot air balloon at a local elementary school. Participants learned how hot air balloons work and took turns boarding one anchored at the school.



Enjoying the hot air balloon experience



### GLORY Foundation for Elementary School Students

<https://corporate.glory-global.com/csr/society/community/foundation/>

## Supporting the Promotion of Sports

### Glory Sponsors the Victorina Himeji Volleyball Team

Glory has signed a sponsorship agreement with Himeji Victorina Co., Ltd., which manages the Victorina Himeji women's volleyball team (director and owner Masayoshi Manabe and director and vice-president Yoshie Takeshita). Based in Himeji, Hyogo, Victorina Himeji is Japan's first professional women's volleyball team.

Besides playing in a V1 league, the team promotes the sport in the community through activities that include appearances on talk shows and volleyball clinics for elementary and junior high school students. Glory strives to use sponsorship as a way to stimulate community-level sports and support the development of the next generation.

We expect the team to make another great leap forward in the V1 League and will continue to support them in their endeavors.



At the V. League challenge match

## Social Initiatives

### Other Contributions to Society

**Donated Ticket Vending Machines to Himeji City**  
 Glory donated to Himeji City four ticket vending machines with touch screens to be set up at the entrance of the World Heritage Himeji Castle. The machines will enable users to select from six different languages, choose audio guidance and handle cashless payments. In recognition of our contribution to improving the welcoming environment for castle visitors and for increasing the efficiency of its operations, we received an appreciation plaque and the Furusato (home) Himeji Award in March 2020.



Appreciation plaque presentation ceremony

**Participating in the TABLE FOR TWO (TFT) Program**  
 Glory has been participating in the TFT program and contributes a portion of the proceeds from meals sold in the cafeteria of the company headquarters to provide school meals in developing countries. In fiscal year 2019, 18,534 meals were donated, for an accumulated total of 129,414 donated. Glory has been certified as a “Silver Partner” of TABLE FOR TWO International and received a letter of appreciation for its support during 2019.



Letter of appreciation from TFT and Silver Partner badge

**Educational Support Activities in America**  
 Glory Global Solutions Inc. regularly invites local senior high school students who are studying mechanical engineering to a workplace experience event, which includes a tour of our development sites and a lecture about the company, to broaden their understanding of our business. Employees share their knowledge and experience with students while supporting projects that the participants are working on as a way of contributing to their education related to their future careers.



Workplace experience event

### Participating in the Employment Assistance Program for Students

PT. Glory Global Solutions Indonesia are involved in the employment assistance program for students, run by the Indonesian government, and participated in its activities with our client Bank Central Asia (BCA). The purpose of the program is to provide students with useful work-related knowledge and skills. One activity involved the use of a secondhand banknote sorter donated by BCA and dummy banknotes, with accompanying explanations about the mechanism and a basic description of how the product works.



A student adjusting a banknote sorter

### Protecting the Marine Environment in the Philippines

In October 2019, GLORY (PHILIPPINES), INC. donated “reef buds” as its contribution to an ocean regeneration project in the municipality of Rosario in the province of Cavite. This artificial coral is made from low-impact material and provides a habitat for sea organisms. Reef buds also contribute to the stabilization of the ocean’s pH balance, helping to prevent degradation of the marine environment caused by increasing atmospheric CO<sub>2</sub> concentrations.



Employees who donated reef buds

### Donated Banknote Sorters to a Charity Bazaar

Glory Global Solutions (Hong Kong) Ltd. donated two banknote sorters for counting the proceeds from a charity bazaar, which was held in Hong Kong to provide rescue and rehabilitation services for those living in poverty. Approximately 200 shops participated in selling sweets and craftwork. About 12,000 Glory employees volunteered for the event, with proceeds donated to a charitable organization.



Employees who participated in the charity bazaar

## Environmental Management

To create a sustainable society, the entire Glory Group works to protect the environment under the Glory Environmental Vision.

### Glory Environmental Vision

#### Environmental Vision

We contribute to securing the future of the Earth's environment by working worldwide to reduce environmental impact and protect the planet's resources.

The Glory Group's environmental vision is captured in the slogan we adopted in 2010: "GLORY GREEN CHALLENGE: Leading the way for a prosperous Earth with dynamics and technology through cooperative efforts." We established the 2020 Medium-Term Environmental Plan as our three-year plan from April 2018 based on this vision, and we are working to achieve its targets.

### Environmental Policy of the Glory Group

We will act in Earth-friendly ways and endeavor to provide environmentally friendly products with services that contribute to a sustainable society.

#### 1. Compliance with laws and regulations

We will comply with environmental laws and regulations, as well as the demands of our stakeholders.

#### 2. Mitigation of global warming

We will strive to reduce our use of energy and our emissions of greenhouse gases.

#### 3. Promotion of resource recycling

We will strive to use resources effectively and will promote the recovery and recycling of our products.

#### 4. Prevention of pollution by chemical substances

We will properly manage chemical substances and will reduce hazardous substances in our products.

#### 5. Conservation of biodiversity

Each of us will strive to conserve ecosystems through activities that contribute to our communities.

#### 6. Proper disclosure of environmental information

We will proactively carry out disclosure of information and will respond to the wishes of our stakeholders.

In order to achieve this policy, we will set and work toward environmental targets and will strive to effect continuous improvements.

### Environmental Management Framework

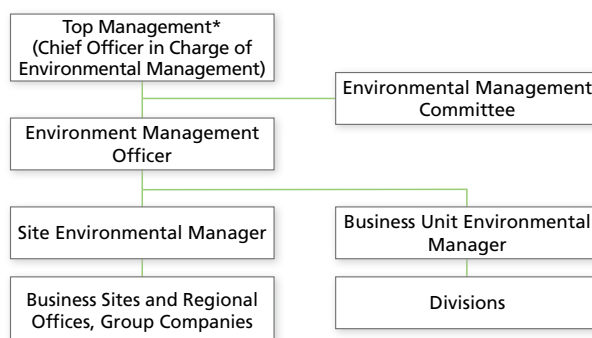
The Glory Group considers environmental conservation to be a key management concern, and we have therefore implemented an ISO 14001-compliant environmental management system to reduce the environmental impact in every aspect of our business. The system covers a broad range of our activities, from energy conservation, resource conservation, waste reduction, and appropriate chemical substance management to environmentally friendly product development.

In March 2002, the head office was the first in the Group to acquire ISO 14001, and certification has currently spread to Glory's main business sites, regional offices, and Group manufacturing companies. We are also working toward acquiring ISO certification and for comprehensive environmental impact reduction efforts to promote environmental conservation at overseas Group companies as well.

Our environmental management framework consists of sites for reducing environmental impacts from business operations and business units for reducing the environmental impact of products. We develop an annual environmental management action policy in conjunction with the basic management and environmental policies, ensuring reliability and continuous improvement of the management framework and system to be effective in all business operations related to products and services.

Also, we strive to expand the action policy into respective sites and business units and confirm implementation status. At the same time, we share and horizontally address issues and counter measures by the Environmental Management Committee and conduct management reviews whereby we utilize PDCA cycles to integrate business activities Group-wide. Moreover, the environmental management department conducts a continuous improvement of the system for the entire Group.

#### Environmental Management Framework



\*The chief officer of the environmental management system, who is entrusted by the president with all authority and responsibility to promote and maintain the environmental management system.

## Environmental Management

### Environmental Audit

We strive for total optimization of our products and services by inclusively reviewing quality and environmental issues under the ISO 9001 and ISO 14001 standards, respectfully, in a supportive manner. So that this approach remains effective in our management system, we conduct integrated internal and external audits and apply PDCA cycles for continuous improvement.

The environmental audits and examinations in fiscal year 2019 examined the conformity and validity of the implementation status of the standards, and no incidents of nonconformity were identified. The results were laterally reviewed across the Glory Group and shared with all employees through a bottom-up approach across our activities.

### Environmental Risk Management

We conduct environmental impact assessments annually to reduce environmental risk and stipulate response procedures for specific risks. Furthermore, we ensure that internal systems are in place and conduct thorough employee education, particularly by emphasizing proper industrial waste processing and hazardous materials management.

Waste management systems are in place at each site for proper industrial waste processing, and in addition to the thorough training of managers and other responsible employees in charge of waste management, we apply strict standards in selecting waste processing contractors and conduct on-site inspections.

For hazardous materials management, we stipulate the response procedures in the event of an emergency involving an oil spill and regularly hold simulation drills while also preventing the leakage and outflow of poisonous and deleterious substances as well as accidents and losses.

### Compliance with Environmental Laws

Recognizing legal compliance as a key aspect of environmental conservation, Glory is committed to thorough operational management. We closely monitor changes to laws and regulations and confirm our own compliance status twice a year. On-site inspections are based on a dedicated checklist at each site during internal environmental audits. Moreover, CMS (chemical substances management system) audits are periodically conducted at the sites of business partners and overseas subsidiaries.

As a result of verifying legal compliance in fiscal year 2019, we confirmed that no serious non-compliance problems or accidents have impacted the environment.

### Environmental Education

We focus on environmental education as we believe that correctly understanding the impact of our business activities on the environment is a key to ongoing efforts to reduce such impact.

In addition to including environmental management system requirements in new employee training, we conduct tailored educational programs based on professional positions such as management training for newly appointed managers and training on environmentally friendly design for product designers. Moreover, we seek to build on the expertise of employees by executing training in areas such as internal environmental auditing and waste management.

We are also striving to raise environmental awareness further by informing all employees, including resident business partners, of our environmental activities.

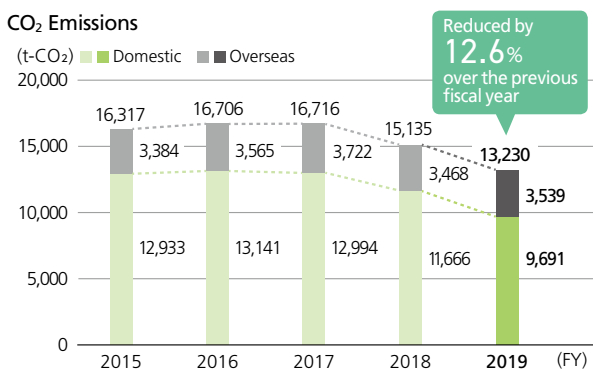
# Reducing the Environmental Impact of Business Activities

Glory continuously strives to preserve the Earth's environment and reduce environmental impact by reducing CO<sub>2</sub> emissions, managing chemical substances, and effectively using resources.

## Mitigation of Global Warming

"Mitigation of Global Warming" has been established as a theme of the Glory Environmental Vision, and we are working to cut emissions of CO<sub>2</sub>.

Under this part of the vision, we have adopted highly efficient production equipment to cut CO<sub>2</sub> emissions. We have also been installing power monitoring systems (demand monitoring functions), LED lighting, and human detection sensors at our business sites while setting up a solar power system on the roof of the head office for the use of renewable energy sources. Furthermore, we are promoting a modal shift by switching transport from trucks to railways and ships as a means of improving shipping efficiency with lighter weight packing materials in order to reduce the burden on the environment.

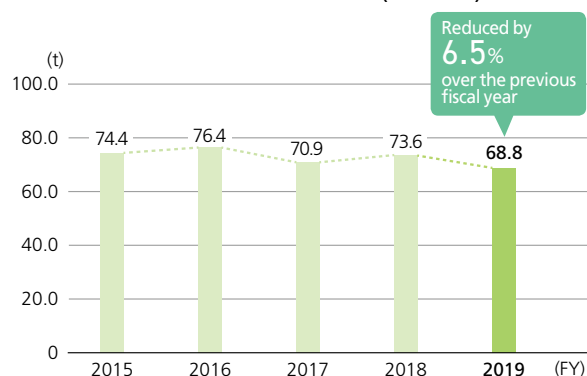


\*1 Domestic business sites that have acquired ISO 14001 certification  
 \*2 The following overseas business sites have acquired ISO 14001 certification.  
 GLORY Denshi Kogyo (Suzhou) Ltd., GLORY (PHILIPPINES), INC.  
 Glory Global Solutions (France) S.A.S.  
 Glory Global Solutions (Germany) GmbH  
 Glory Global Solutions Inc.

## Management and Reduction of Chemical Substances

We thoroughly manage the chemical substances used in production and are making progress in switching to chemical substances with a low impact on human health. The factories manage and issue semi-annual reports about the amount of chemical substances they use. Factory employees who use chemical substances, including those subject to the Law concerning Pollutant Release and Transfer Register (PRTR Law), are trained in chemical substance handling. Safety data sheets (SDS) containing chemical substance safety data are always on hand so employees can, as necessary, confirm precautions when handling these substances as well as response procedures for emergencies.

## Volume of PRTR Law-Listed Substances (Domestic)\*



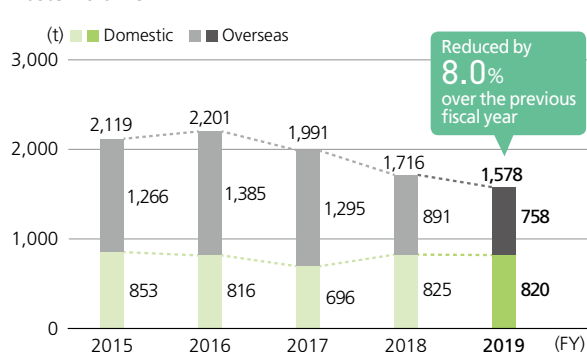
\*Domestic business sites that have acquired ISO 14001 certification

## Effective Use of Resources

Glory is engaged in 3R (reduce, reuse, recycle) efforts to contribute to creating a recycling-oriented society.

In order to use resources more effectively, we are improving our production processes, raising parts manufacturing yields, and reducing the number of manufacturing trials to cut down on the volume of materials used. In addition, our factories and offices are going paperless, returnable containers are being used for deliveries from suppliers, and efforts are being made to reduce the volume of packing material. Also, we are reusing cushioning materials used for intra-Group parts shipping. Wastes are thoroughly separated when we dispose of them in order to increase recycling rates. Moreover, we have established a recycling rate of 99.5% as our zero emissions target and intend to achieve it at our production sites.

## Waste Volume



\*1 Domestic business sites that have acquired ISO 14001 certification  
 \*2 The following overseas business sites have acquired ISO 14001 certification.  
 GLORY Denshi Kogyo (Suzhou) Ltd., GLORY (PHILIPPINES), INC.  
 Glory Global Solutions (France) S.A.S.  
 Glory Global Solutions (Germany) GmbH  
 Glory Global Solutions Inc.

## Developing Environmentally Friendly Products

Glory develops environmentally friendly products that minimize the environmental impact throughout the product life cycle, from material procurement and customer use to final disposal.

### Developing Environmentally Friendly Products

The Glory Group has set a long-term goal of 30% reduction in CO<sub>2</sub> emissions from the 2005 levels in 2030 by its products during use and is engaged in developing environmentally friendly products in order to achieve a low-carbon society as it continuously engages in environmental conservation efforts. We conduct life cycle assessments (LCAs) in response to customer requests to evaluate the environmental impact at every stage of the product life cycle, from material procurement and customer use to final disposal.

Our product assessments during new product development cover over 60 categories, from energy efficiency to reuse-recycling, and we compare products under development to those that already exist. Through these assessments, products that meet standards such as electric power use efficiency are at least 15% better than existing products, and chemical substance regulation-compliant, are designated as G-Eco products in accordance with in-house standards.

22% of our new products released in fiscal year 2019 were designated as G-Eco products. The coin and banknote recyclers for cashiers (RB-700) use 20% less electricity during operation compared to their predecessors and achieved recyclable rates of 85%.



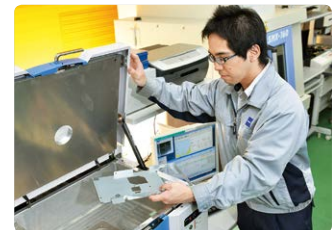
Coin and banknote recyclers for cashiers (RB-700)

### Management of Chemical Substances

Glory designates materials regulated by the RoHS Directive, REACH Regulation, and other laws and regulations in the Glory Specified Chemical Substances List. It also stipulates banned materials in the Green Procurement Standards to facilitate the thorough management of chemical substances contained in our products.

In addition to confirming compliance with regulations concerning chemical substance content during the parts selection process, we use X-ray fluorescence spectrometers to inspect all parts carefully as they are delivered. We also measure chemical content amounts, which are registered in the Chemical Substance Control System, making it easy to tally amounts for the overall product. Furthermore, all new products are inspected before shipping to comply with relevant regulations.

Supplier cooperation is essential for controlling chemical substances. We request that domestic and overseas suppliers ensure the parts and materials shipped to us fully comply with the Glory Green Procurement Standards. They are also asked to execute a memorandum of understanding on green procurement and provide data concerning chemical substance content.



Inspecting parts for chemical substance content

## Preserving Biodiversity

Glory is engaged in a variety of activities for preserving biodiversity in collaboration with stakeholders such as local communities and incorporated NPOs.

### Activities in the Glory Yumesaki Forest

Glory has been participating in forest conservation activities in the Glory Yumesaki Forest located in Himeji, Hyogo in collaboration with the forestry cooperative. We thin out one hectare of undergrowth per year among the hinoki cypress and broadleaf groves and plant 20 trees per year, mainly broadleaf trees including mountain cherry and konara oak, from the beginning of spring to early summer every year. We strive to reproduce and maintain the rich natural environment by forming favorable environments for village forests.

In fiscal year 2019, we conducted a forest conservation project in April, and a total of 82 Glory Group employees, business partners, and family members participated.



Making tables out of timber from forest thinning

# 2020 Medium-Term Environmental Plan

We have been working toward the targets in the 2020 Medium-Term Environmental Plan.

## Targets and Results for the 2020 Medium-Term Environmental Plan

Under the Environmental Vision, we have been striving to address environmental challenges, including the reduction of Group-wide environmental impact, in accordance with our 2020 Medium-Term Environmental Plan, developed for the three-year period beginning in April 2018. We are currently formulating the 2023 Medium-Term Environmental Plan, with a focus on the three areas of products, business, and awareness, toward achieving SDGs.

### Targets and Results for Fiscal Year 2019

Activity Areas	Activity Themes	Targets for 2020 Medium-Term Environmental Plan	Targets for Fiscal Year 2019	Results for Fiscal Year 2019
Products	Mitigation of global warming	Reduce CO <sub>2</sub> emissions from new products	Improve energy efficiency of new products by at least 15% compared to previous models	Reduced by average of 11.1% (target achieved for 7 of 14 models, designated as G-Eco products)
	Management and reduction of chemical substances	Make all new products RoHS-compliant	Comply with all relevant laws	23 models were RoHS-compliant (achieved compliance rate of 100%)
Business	Mitigation of global warming	Increase environmentally friendly product account ratio out of sales	At least 65% of sales for all products	Accounted for 65.3% of sales
		Reduce annual per employee energy consumption	Reduce annual average by 1% (base year: fiscal year 2010)	Reduced annual average by 2.2% (base year: fiscal year 2010)
	Management and reduction of chemical substances	Balance control of chemical substances	Balance control of chemical substances Reduce PRTR Law-listed substances	Counted record of volume of in-process chemical products in May Reduced volume of PRTR Law-listed substances (Type 1) by 6.5%
	Effective use of resources	Reduce volume of waste generated	Reduce annual volume of waste generated by 1% (base year: fiscal year 2010)	Reduced annual volume of waste generated by average of 1.4% (base year: fiscal year 2010)
Awareness	Preservation of biodiversity	Increase contribution to biodiversity preservation (improve management criteria)	<ul style="list-style-type: none"> <li>Plant 20 trees</li> <li>Thin 1 hectare of forest</li> </ul>	<ul style="list-style-type: none"> <li>Himeji: Held forest conservation activity in April (20 broadleaf and apple trees planted, 1 hectare of forest thinned) Held nature appreciation event for employees' families in October</li> <li>Kanto area: Held forest conservation activity in Hachioji, Tokyo in May Held clean-up on banks of Arakawa River, Tokyo in October</li> </ul>
		Cooperate with stakeholders to preserve biodiversity	<ul style="list-style-type: none"> <li>Formulate plan</li> <li>Carry out 100% of activities planned</li> </ul>	<ul style="list-style-type: none"> <li>100% achievement ratio for yearly plans</li> <li>Himeji: Glory Yumesaki Forest 82 people participated in forest conservation activity (6 people representing one Glory supplier also participated) 82 people participated in nature appreciation event (9 people representing one Glory supplier also participated)</li> <li>Kanto area: Kamikawa in Hachioji, Tokyo (designated greenery conservation area) 53 people participated in forest conservation activity (5 people representing one Glory supplier also participated) 21 people participated in clean-up on banks of Arakawa River, Tokyo</li> </ul>
	Communication	Disclose environmental information on CSR Report and website	Run articles	<ul style="list-style-type: none"> <li>CSR Report 2019 posted on our website (data on reducing environmental impact from business activities, etc.)</li> <li>Responded to questionnaires from CDP and the Nikkei Environmental Management Study</li> </ul>

## Corporate Governance

Glory (the “Company”) continuously strives to increase its corporate value by promoting sound business management based on its corporate philosophy.

### Corporate Governance

#### Basic Policy

Glory’s corporate philosophy guides its efforts to continuously improve corporate value through sound and efficient business management so that the Company can exist in harmony with society and earn the trust and support of all stakeholders. None of this can be achieved without a firm commitment to the continuing improvement of corporate governance. Glory will continue its efforts to strengthen the supervisory and executive functions of management, accelerate decision-making, ensure transparency and objectivity, and enhance compliance management to further increase our corporate value.

#### Corporate Governance Framework

Glory has had a Company with an Audit & Supervisory Committee since June 2020 in order to further promote rapid and efficient management decisions by the Board of Directors and enhance supervisory functions. Also, the way the Company is structured allows for flexible decision-making in terms of key business execution, which is entrusted to the directors. In addition, an executive officer system facilitates timely, efficient business administration. We have also broadened the supervisory functions of the Board of Directors, which includes four outside directors, as well as the audit and supervisory functions of the Audit and Supervisory Committee. Finally, we have established such entities as the Nomination Advisory Committee

and Compensation Advisory Committee to boost the transparency and objectivity of decision-making around key management concerns.

Glory’s basic policy on corporate governance is set out in the Corporate Governance Guidelines.



#### Corporate Governance Guidelines

<https://corporate.glory-global.com/files/user/ir/Guidelines20200626.pdf>

#### Corporate Governance Report

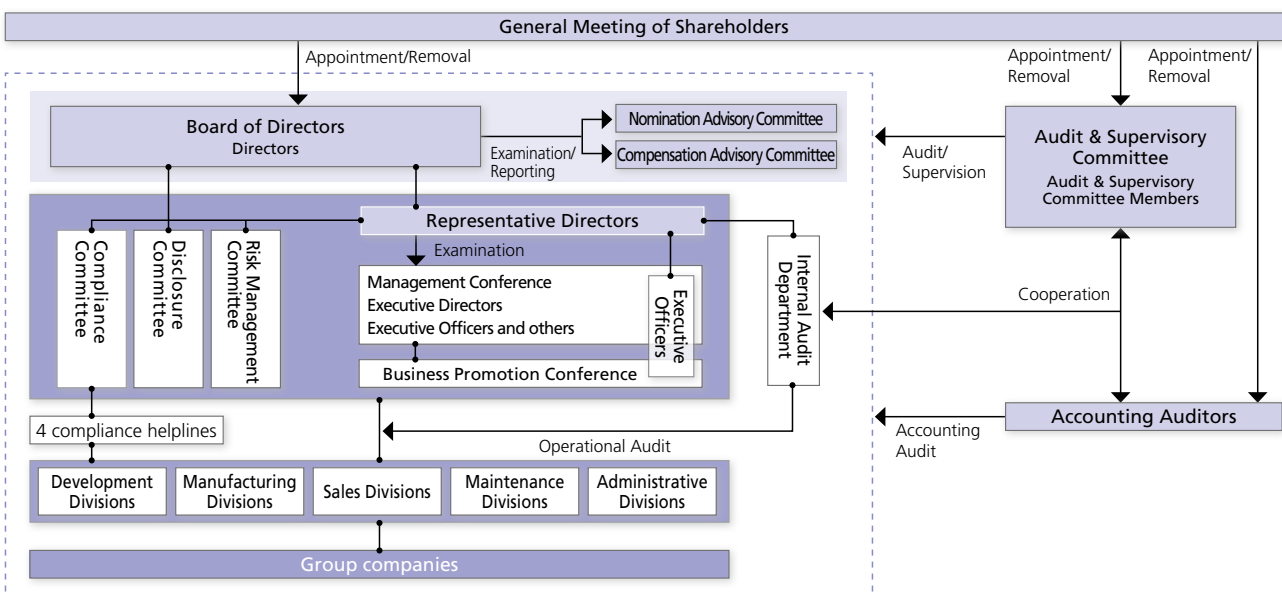
<https://corporate.glory-global.com/groupinfo/governance/report/>

#### Outline of Main Organs

##### Directors and Board of Directors

The Board of Directors includes a sufficient number of independent outside directors, who exceed the number of directors by one-third and have credentials that support their contribution to sustainable growth and higher corporate value over the mid- to long-term toward achieving the appropriate supervisory functions of management. The board consists of eight directors who are not Audit & Supervisory Committee members, including two independent outside directors, and three directors who are Audit & Supervisory Committee members, two of whom are independent outside directors, totaling eleven directors. The Board of Directors in principle meets at least once a month to formulate important business policies for the Company and Group, supervise business execution, and review reports on the status of business execution.

Corporate Governance Framework(as of June 26, 2020)





## Audit & Supervisory Committee

The Company's Audit & Supervisory Committee is composed of three members, including two independent outside directors. It conducts audits based on an annual corporate audit plan in accordance with the audit policy and the assignment of duties that it determines are necessary. Meanwhile, the committee closely liaises with those involved in the internal control system as well as members of the internal audit department and the Company's accounting auditors. With the findings from these audits, the committee members issue reports on the status of those audit and exchange information and views at their meetings.

## Nomination Advisory Committee and Compensation Advisory Committee

To ensure transparency and objectivity in appointing directors and Audit & Supervisory Board members as well as when determining their remuneration, the Company established the Nomination Advisory Committee and Compensation Advisory Committee as advisory bodies to the Board of Directors, and for each at least half of the members and the chairperson are independent outside directors.

### Members of Main Organs

Title	Name	Board of Directors	Audit & Supervisory Committee	Nomination Advisory Committee	Compensation Advisory Committee
Chairman of the Board	Hirokazu Onoe	○		○	○
President	Motozumi Miwa	◎		○	○
Director	Hideo Onoe	○			
Director	Shigetoshi Mabuchi	○			
Director	Kaname Kotani	○			
Director	Akihiro Harada	○			
Outside Director	Joji Iki	○		◎	○
Outside Director	Junji Uchida	○		○	◎
Director (Audit & Supervisory Committee member)	Toru Fujita	○	◎		
Outside Director (Audit & Supervisory Committee member)	Satoshi Hamada	○	○		
Outside Director (Audit & Supervisory Committee member)	Keiichi Kato	○	○		

\*◎ in the above table shows chairperson of each committee.

## Remuneration for Officers

The Company's current policy of remuneration for directors is as follows.

### Basic Policy on Remuneration

Remuneration for directors is designed in such a manner that the value can be shared with the shareholders, the level is appropriate for their duties, and due consideration is given to incentives for continued improvement of corporate performance and securing talented human resources.

### Procedures for Determining Remuneration

To ensure transparency and objectivity, remuneration for directors who are not Audit & Supervisory Committee members will be determined by a resolution of the Board of Directors. For directors who are Audit & Supervisory Committee members, remuneration will be determined by consultation among the Audit & Supervisory Committee members. All remuneration decisions are subject to review by the Compensation Advisory Committee and within the ranges approved by the general meeting of shareholders.

### Structure of Remuneration

- Remuneration consists of fixed compensation, short-term performance-based bonuses and medium-term performance-based stock compensation.
- Fixed compensation is determined in accordance with the position and responsibilities of the person concerned.
- The target indicators for Bonuses are consolidated net sales and operating income. The amounts to be paid will be determined according to the degree of achievement toward those predetermined targets.
- The target indicators for Stock Compensation are consolidated ROE and the operating margin from among the performance targets in the 2020 Medium-Term Management Plan. The number of shares to be allotted will be determined according to the degree of achievement toward those predetermined targets.
- Remuneration for directors who are Audit & Supervisory Committee members and outside directors who are not Audit & Supervisory Committee members consists solely of fixed compensation.

## Evaluation on Effectiveness of the Board of Directors

The Company has conducted an annual analysis and evaluation of the effectiveness of its Board of Directors based on its Corporate Governance Guidelines since fiscal year 2015, thereby endeavors to strengthen the function of the Board of Directors as a whole.



### Results of Evaluation on Effectiveness of the Board of Directors

<https://corporate.glory-global.com/groupinfo/governance/evaluation/>

Corporate Governance

Message from Outside Directors



**Joji Iki**

Outside Director  
Chairperson of the  
Nomination Advisory  
Committee  
Member of the Compensation  
Advisory Committee

Held posts including president  
of the Gas Turbine &  
Machinery Company, senior  
vice president and senior  
executive vice president at  
Kawasaki Heavy Industries,  
Ltd. Serving in the current  
post since June 2017.

In recent years, I have heard various views about the positioning of the Board of Directors and the role of outside directors during discussions about corporate governance. I believe that the mission of an outside director is to supervise the execution of operations and support the proposal and implementation of management strategies.

Observance of laws and regulations, the establishment of internal control systems, and the achievement of consistent compliance are all fundamental requirements for the survival of a company. That is why it is so important to ensure comprehensive supervision. We also need to be aware that the level of compliance required will change in step with social change in Japan and overseas.

Over the past few years, there have been significant changes in the markets resulting from social change and the evolution of a cashless society due to the use of the IoT. The Glory Group needs to modify its business operations flexibly in line with these changes. The formulation and implementation of management strategies are extremely important from this perspective, because Glory has shifted from an environment in which it could look forward to a certain level of organic growth, to one in which it needs to pioneer products and markets through its own efforts and start up new businesses and new markets.

I believe that outside directors have a responsibility to provide robust advice and support to the executive organization as they work to formulate and implement new group management strategies, including product development for new businesses and markets, market development, and M&A. Participants in the Glory Group's Management Conference and Board of Directors engage in lively discussions, sometimes using IT tools. I look forward to continuing to play the role expected of me in the efforts to speed up management decision-making and ensure that everyone can express their views freely and frankly.

The COVID-19 pandemic that emerged in the early months of 2020 is having an enormous impact on the world, including Japan. Despite this, I am determined to work even harder to ensure the sustainable growth of the Glory Group and the achievement of further improvement in its medium- to long-term corporate value.



**Junji Uchida**

Outside Director  
Chairperson of the  
Compensation Advisory  
Committee  
Member of the Nomination  
Advisory Committee

Held posts including  
managing director of NIPPON  
STEEL CORPORATION and  
representative director and  
president of OSAKA STEEL  
CO., LTD. Serving in the  
current post since June 2019.

As someone with a background in the steel industry, I have built up wide-ranging experience in business and management in a field that is different from Glory's business domain. My career has given me a real understanding of the importance of continuous efforts to enhance corporate value through structural reforms designed to improve competitiveness, as well as through global initiatives, such as overseas expansion. I have learned through my day-to-day work that people and frontline operations are the lifeblood of any company, and that the trust of customers is an asset.

In addition to the powerful product range that it has built up over the years, Glory's emergence as a leading company in its industry also reflects its dynamic expansion into overseas markets. However, Glory cannot adapt to the large and rapid market changes that are now occurring simply by continuing with its existing business activities. Instead it will need to take up the challenge of innovation in all areas of its business.

As an outside director, my task in this context is to work on behalf of stakeholders, including shareholders, to further energize management, and to provide an outside perspective that contributes to the fair and appropriate implementation of business operations.

In this fiscal year, Glory made the transition to a new structure as a Company with an Audit & Supervisory Committee. As a listed company, Glory is constantly working to strengthen and enhance its governance through progressive initiatives, and this latest change will significantly improve the transparency of its management structure. As the Company's supreme decision-making body, the Board of Directors can be expected to discuss a variety of themes that will have important implications for Glory's future growth, including innovation in existing business areas, expansion of overseas operations, and expansion into new business areas. Glory's value as a company will also depend on its response to the impact of the COVID-19 pandemic.

I have the greatest respect for the corporate culture developed by Glory, and a sense of anticipation about the role that I can play in contributing to its next growth phase.

I believe that the role of an outside director is to identify deviations from the Company's basic policies or management strategies and to ascertain whether business risks are being kept within reasonable limits by monitoring the performance of day-to-day business operations by executive directors. I aim to use my past experience as an accounting auditor in an audit corporation and as an outside director in other listed companies to provide appropriate input concerning matters that cannot be assessed or decided solely through internal processes.

Glory's business environment is being transformed by the diversification of payment methods due to the emergence of the cashless society and advances in AI, the IoT, and other technologies. The fundamental management challenge for Glory is to ensure sustainable growth and improvement in its corporate value over the medium- to long-term future, by further evolving its existing business in its core area of cash handling, and to develop new business domains. One way to achieve these goals might be business restructuring through M&A in Japan and overseas. I believe that when M&A or other projects are proposed in Board of Directors meetings, there is a need for oversight from the perspectives of corporate profitability and capital efficiency to ensure that there will be no adverse impact on the interests of stakeholders, including shareholders, or corporate value. During my five years as an outside Audit & Supervisory Board member for Glory, I have deepened my understanding of the Glory Group's business activities and management. I will work to ensure that the expectations of shareholders and investors are fulfilled by further integrating and enhancing the knowledge that I have gained in the past.



### Satoshi Hamada

Outside Director (Audit & Supervisory Committee Member)

President of Satoshi Hamada Accounting Office. Holds post of outside director at other companies, including NISHIMATSUYA CHAIN Co., Ltd. and WDB Holdings Co., Ltd. (Audit & Supervisory Committee Member). Appointed Outside A&SB Member of the Company in June 2015. Serving in the current post since June 2020.

Glory has restructured itself as a Company with an Audit & Supervisory Committee. This change is expected to strengthen the supervisory functions of the Board of Directors, while also enhancing the speed and efficiency of management decision-making. It will further reinforce our corporate governance systems.

Under this new structure, I will combine my position as an outside director with my new role as a member of the Audit & Supervisory Committee. I will also audit and supervise the performance of duties by directors from my independent perspective as someone outside of the Company.

The knowledge and experience gained through my many years of work as an attorney, the intuition I developed for management through my experience as an outside corporate auditor for other companies, and my position as an outside Audit & Supervisory Board member for the Glory Group have all helped me to form a deeper understanding of the Glory Group's business and management.

As an outside director, I will work with increased determination to meet the expectations of shareholders and investors by participating in the decision-making processes of the Board of Directors, and by further deepening my knowledge so that I can help Glory to achieve sustainable growth and improvement in its medium- to long-term corporate value by providing effective advice about management policies and improvements to management systems.

Many factors are driving far-reaching changes in the Glory Group's business environment, including the emergence of the cashless society and the diversification of payment methods, as well as country-specific risks overseas where the Company has established operations. However, Glory's management creed includes the following statement: "Through a spirit of continuous development, we will provide products and services our customers can rely on." I believe that by working under this philosophy Glory can adapt to these changes and achieve continuing growth and success by creating products that society needs and taking up the challenge of technological innovation.



### Keiichi Kato

Outside Director (Audit & Supervisory Committee Member)

Registered as an Attorney-at-law in October 2003. Attorney-at-law and partner at the Harima Law Office. Apart from serving as an Outside Corporate Auditor at Sanyo Color Works Ltd., Mr. Kato has extensive experience serving as an outside member of local government committees. Appointed Outside A&SB Member of the Company in June 2019. Serving in the current post since June 2020.

# Risk Management

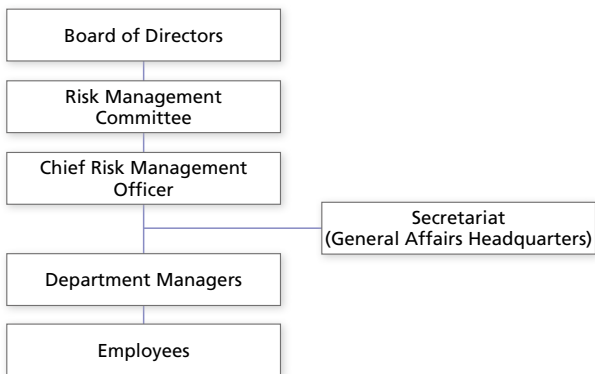
Glory strives to prevent and avoid operational risks and mitigate losses in times of disasters, ensuring the safety of stakeholder positions.

## Risk Management Framework

Glory has established the Risk Management Committee, chaired by the president, to maintain and strengthen risk management for the entire Glory Group. The Glory Group regularly conducts risk assessments and works mainly with predetermined divisions and individuals responsible for each risk item to implement precautionary measures against risks during normal times and to secure and improve a system that can respond promptly in times of crisis. The committee discusses measures based on the results of these assessments. A summary of the discussion is regularly reported to the Board of Directors.

In fiscal year 2019, Glory developed activities based on the annual policy and major items predetermined by the Risk Management Committee. We also strived to grasp the Group-wide status of risks and implement risk reduction by planning and executing measures based on the same risk assessment method applied by Glory to each Group company.

### Risk Management Framework



## Risk Identification Process

The Glory Group annually revises its list of potential risks along with the associated management policy and countermeasures based on changes in the prevailing business environment and progress of our businesses. In identifying risks, new risks are recognized through a review of the current assessment and internal and external environmental changes. Assessment and analysis are then conducted according to the level of influence and frequency of occurrence, and key items are identified in the Risk Management Committee for formulating countermeasures. These company-wide risks are also reflected as appropriate in the business

risks, which are disclosed as such documents as Security Reports in connection with the consideration of financial impacts.

In recent years, we consider worldwide progress of the cashless system as a risk that should be taken account of within the Group. In fiscal year 2019, the COVID-19 pandemic has been spreading rapidly since the fourth quarter, this has been added to risks to be considered, thereby enhancing the content of business risks disclosed through Security Reports and other appropriate documents.

## Business Continuity Plan (BCP)

Glory developed its BCP in preparation for emergencies in order to continue key activities and ensure prompt recovery in times of crisis, including disasters. We have organized a strategy for promptly responding during emergencies to reliably and steadily provide products and services by strengthening the supply chain through diversifying the parts procurement risk and preparing regulations and a manual on disaster response. In fiscal year 2019, we conducted a drill for a possible disaster in the vicinity of the headquarters and in accordance with a BCP in order to identify potential problems.

Moreover, in preparation for contingencies, we have strengthened our response to potential damage to important network systems that have a major impact on business continuity, introduced a safety confirmation system, installed satellite phones at main business sites, stocked supplies of food and water, and regularly conduct disaster drills to ensure the effectiveness of our disaster countermeasures.



Simulation drill for a machinery oil spill

## Information Security Management System

Glory handles a large volume of confidential information concerning matters such as cash processing and settlement processing. Accordingly, we focus on the integrated strengthening of our information security throughout the Group based on the Information Security Basic Policy and Privacy Policy, which stipulate our basic stance and attitude as a Group.

### Measures for Organizational Safety Management

Having established the Information Security Promotion Section as a subsidiary organization of the Compliance Committee, we created an information security management system under the supervision of the chief information security officer (CISO) to utilize PDCA cycles in order to promote continuous improvement. We also periodically conduct internal audits to confirm its conformity and validity. In fiscal year 2019, we concentrated on procedures for taking external storage devices out of the office as well as the status of virus scanning.

Furthermore, as the risk of cyberattacks has been increasing, we are strengthening our website security by taking measures to address vulnerabilities such as the security diagnosis of our websites, including those of Group companies. In addition, security measures for the supply chain, including our cooperative firms, outsourcing contractors, and Group companies, involve investigating the level of security of contractors that handle important information and providing directions for necessary improvements, thereby enhancing the security of the overall supply chain.

## Enhancing Information Security Measures

For the purpose of safely and appropriately handling the information assets of our customers, departments concerned with offering systems solutions and services, such as the GCAN Center (Glory Card and Network Center: information processing center), have acquired ISO 27001 certification, the international standard for information security.

### Business sites and departments that have acquired ISO 27001 certification

GLORY LTD. 3 Departments	System Product Development Division, GCAN Center, Glory Monitoring Center
Domestic Group companies 1 company	GLORY System Create Ltd.

### Technical Safety Management

We are enhancing information security measures, such as introducing ID management systems and systems to prevent unauthorized entry via the Internet or to limit the use of external storage by device control.

### Physical Safety Management

We have introduced an entrance and exit management system with ID cards or facial recognition along with a key management system to strictly control access and automatically save records.

We also ensure the continuous operation of the IT infrastructure by installing equipment such as private power generators and a UPS (uninterruptible power system).

## Information Security Education

### Personnel Safety Management

We respond to constantly changing technologies and social circumstances and conduct level-based employee training to prevent information security breaches.

Our training includes programs for new employees to provide them with a basic knowledge of information security and relevant laws and regulations and training on supervisor responsibilities for information security so management can acquire the knowledge they need. We also conduct training programs for management-level personnel to deepen understanding of social trends (external environment) and our status (internal environment) related to information security.

We also conduct an annual, companywide e-learning program in October during Corporate Ethics Month to strengthen the information security literacy of employees.

## Response to Information Security Incidents

In preparation for information security incidents such as data leaks, malware infection, and unauthorized access, we have established a system for minimizing damage, promptly recovering and preventing reoccurrence.

G-CSIRT (Glory Computer Security Incident Response Team), which plays a central role in this effort, joined Nippon CSIRT Association, an industry group, in 2014 and has been enhancing response capabilities to incidents through such initiatives as gathering and sharing information and acquiring related skills.

# Compliance

Glory strives to foster awareness of compliance Group wide and conduct honest and fair business activities.

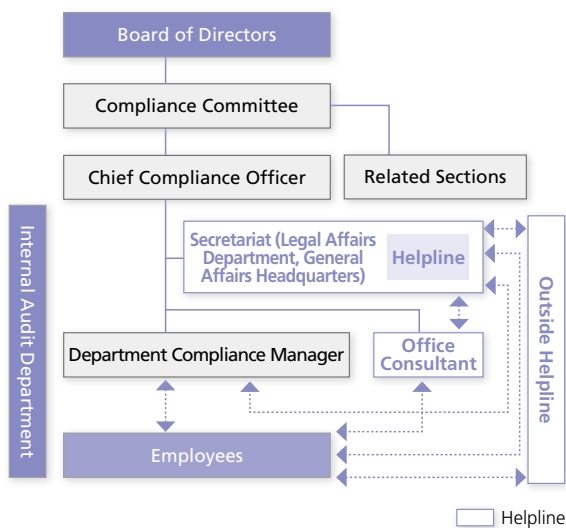
## Compliance Framework

Glory views legal compliance as an important management issue for the Group, and so we strive to maintain or improve our compliance framework. One measure taken in that regard is the establishment of the Compliance Committee.

The committee is chaired by the president, includes two outside experts (attorneys at law), and deliberates key compliance-related issues concerning the Glory Group. Matters deliberated are reported to the Board of Directors.

Also, a chief compliance officer is appointed from among the officers in charge. The committee's secretariat takes charge of planning measures for thorough compliance as well as employee education and awareness activities.

### Compliance Framework



**Setting up a Consultation Service (Helplines)**  
 Glory has set up four compliance helplines advised by (1) an immediate superior, (2) the Compliance Committee secretariat, (3) an office consultant, and (4) an external helpline (law firm) as a consultation service (helpline) for overall compliance issues of the Glory Group. The helplines were established to detect and correct issues at an early stage as well as to protect those seeking consultation under the Internal Regulations on Consultation.

In fiscal year 2019, 22 calls were received, and each consultation case was handled appropriately with an investigation of the facts and circumstances.

## Legal Code of Conduct

We established the Glory Legal Code of Conduct governing the laws and codes of ethics that must be adhered to by all Glory Group officers, employees, and business partners, including distributors, both domestic and overseas.

The code was developed from a global perspective to accommodate the rapid expansion of our overseas business. We strive to improve employee awareness of compliance through activities such as the distribution of the "Handbook" and training for every Group employee in order to continue to conduct honest and fair business worthy of the Glory brand and to maintain and ensure a high level of compliance and ethical standards. Moreover, additions and amendments to the code may be made after approval by the directors.

In fiscal year 2019, we confirmed that no serious non-compliance problems had occurred.

### Corruption Prevention

We have specified rules to prohibit bribery and prevent corruption in the Glory Legal Code of Conduct and endeavor to keep all domestic and overseas employees and business partners informed of them. We also conduct e-learning and other suitable means of education to prevent corrupt practices.

In fiscal year 2019, there were no occurrences of corrupt practices, including bribery.

**WEB** | **Glory Legal Code of Conduct (Bribery and Corruption, Money Laundering)**  
<https://corporate.glory-global.com/csr/governance/compliance/#anchor02>

### Personal Information Protection

The Glory Group recognizes the importance of its responsibility to properly manage the personal information of stakeholders, including customers, business partners, and shareholders acquired through our business activities. We therefore ensure the proper management of personal information according to the Privacy Policy.

Furthermore, we have developed internal rules and conduct training to respond effectively to the EU General Data Protection Regulation (GDPR), which went into effect in May 2018.

**WEB** | **Privacy Policy (Japanese only)**  
<https://www.glory.co.jp/info/privacy/>

## Compliance Education

We conduct comprehensive training, including at Group companies, to ensure thorough compliance. New employee education includes learning about fundamental legal and ethical issues as well as internal rules. In addition, we conduct e-learning every year during Corporate Ethics Month in October for all domestic Group employees to refresh their understanding of basic issues and social trends.

In fiscal year 2019, programs were conducted in areas such as the rules of confidential information protection, prevention of harassment, and regulations governing insider trading as stipulated in the Glory Legal Code of Conduct, with a combined total of 6,857 employees taking part in the various programs. Other programs include newly appointed manager training and specialized training to develop a more thorough and precise understanding of issues concerning laws and corporate ethics.

## Intellectual Property Initiatives

### Basic Concept

We encourage the creation of domestic and overseas inventions and acquire the relevant rights, make use of intellectual property rights, and take measures to avoid the risk of disputes by researching the rights of others, for the benefit of the Glory Group.

### Ensuring Alignment with Business

We conduct activities for intellectual property in alignment with business activities. For example, divisions involved in intellectual property, such as the business and development divisions and the Intellectual Property Department, regularly convene meetings to discuss the utilization of intellectual property and application strategies to gain an advantage in business promotions.

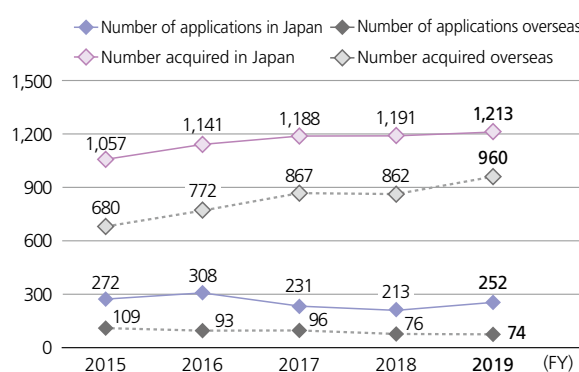
Meanwhile, we also engage in activities to extract ideas at each stage of planning and development to generate valid patents at an early stage. Once the applied patents are registered, the business and development divisions share details regarding rights and discuss how best to utilize them.

Furthermore, before making decisions for an M&A or business alliance, analysis is conducted from the perspective of patented technology by referring to patent publication bulletins that contain patent applications across the world. Information on the relative strengths and weakness of technology that the counterparty holds, and whether the technology

offers a competitive advantage, is shared to support the Company's pursuit of profitable businesses.

As of the end of fiscal year 2019, the Glory Group held a total of 2,173 patents, utility models, and designs (1,213 domestic and 960 overseas).

Number of patents, utility models, and designs applied for and acquired



\*1 Numbers are the total number of patents, utility models, and designs  
\*2 Numbers for both Japan and overseas are on a consolidated basis

### Fostering Human Resources on Intellectual Property

Level-based training is provided to the planning and development divisions to raise general awareness of intellectual property while qualification- and position-based human resource development programs are offered to employees in the Intellectual Property Department. We established a strategy for raising the level of expertise through those programs, making it possible for the divisions involved as well as the Intellectual Property Department to foster human resources at appropriate levels.

Moreover, we have instituted an invention incentive system to provide compensation for outstanding inventions, especially those that have contributed to our business to boost the motivation of inventors.

# Responsibility to Shareholders and Investors

Glory communicates with stakeholders and appropriately discloses information.

## Policies Concerning Disclosure of Information and Constructive Dialogues

Glory is committed to “communicating with stakeholders and striving for appropriate information disclosure,” as declared in its Corporate Action Guidelines. With this stance, the company is dedicated to increasing the transparency of its management through quick, accurate, and fair provision of the latest corporate information and to gaining a better understanding of its management policies and business activities through constructive dialogues, thereby building long-term relationships of trust with shareholders and investors.

**WEB** | Policies Concerning Disclosure of Information and Constructive Dialogues with Shareholders and Investors  
<https://corporate.glory-global.com/ir/management/policy>

## General Meeting of Shareholders

Glory recognizes the vital importance of opportunities for dialogue with shareholders and endeavors to enliven the General Meeting of Shareholders.

We distribute convocation notices three weeks before the meetings to enable shareholders to have sufficient time to review proposals addressed at the General Meeting of Shareholders. Furthermore, convocation notices are posted on Tokyo Stock Exchange and Glory websites at least four weeks in advance. We have been exercising ingenuity every year in preparing clear and informative convocation notices with suitable photos and graphic charts. We also adopted electronic voting to facilitate shareholder participation in resolutions.

At the General Meeting of Shareholders, audio-visual presentations and narratives are used by the president to provide detailed reports on proposals to be acted upon along with key considerations for shareholders. During the Showroom Tour, conducted after the meeting, where our main products are displayed, executive officers including the president and staff members actively encourage communication with shareholders by explaining about Glory products and history.



General Meeting of Shareholders

**WEB** | General Meeting of Shareholders  
<https://corporate.glory-global.com/ir/meeting/>

## Dialogue with Shareholders and Investors

Glory proactively arranges opportunities for dialogue with shareholders and investors to deepen their understanding of the company.

At meetings with institutional investors and analysts, we actively engage in dialogue on various topics, including shareholder returns and capital policies, as well as our management strategy, business models, and medium to long-term management plan.

In terms of information disclosure, we voluntarily hold financial results briefings and conference calls and include supplementary explanation to further clarify performance by segment and by area. We also extend invitations to IR events such as factory tours and exhibitions so participants can see our work themselves and gain a clearer understanding of our management strategy and business operations.

In addition, we co-host briefings with securities companies to provide individual shareholders and investors with a clear description of our business activities and communicate additional information through shareholder newsletters and our corporate website.



Financial results briefing

### Main Dialogue with Shareholders and Investors (FY2019)

- Attendees at the 73rd Ordinary General Meeting of Shareholders **Approx. 280**

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- Meetings with institutional investors and analysts **Involving approx. 300 companies**

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- Attendees at briefings for individual investors (held 7 times) **Approx. 380**

### Information Disclosure on Website

A special section for shareholders and investors has been set up on the Glory corporate website to ensure timely and more convenient information disclosure. Documents disclosed include quarterly financial reports, shareholder newsletters, and annual reports. We want our website to be easy to understand and user-friendly with enhanced content.



## ESG Data

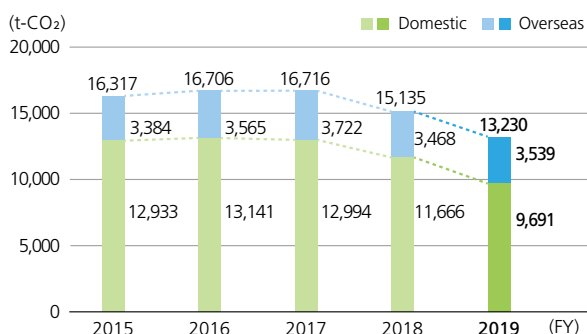
### Environment

#### Environmental Impacts from Business Operations (Material Balance)

Input			Development and Production Operations in Glory	Output		
Energy	Energy use	125,539 GJ		and	Greenhouse gases	CO <sub>2</sub>
	Electricity	1,244 million kWh			HFCs in products	None
	City gas	85 thousand m <sup>3</sup>			Atmospheric emissions	NOx
Water	Water use	40 thousand t			SOx	0 t
	Clean water	40 thousand t			PRTR substances	0.3 t
	Industrial water	0 t		Emissions to water	Wastewater	39 thousand t
Chemical substances	Volume handled	69.6 t			PRTR substances	0 t
				Waste	Total waste emissions	276 t
					Recycled waste	276 t
					Landfill disposal	0.07 t

Scope: Production sites of GLORY LTD.

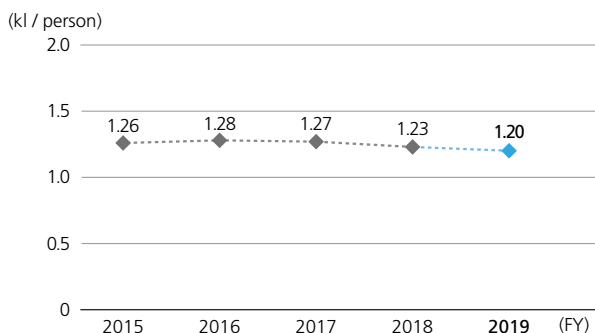
#### CO<sub>2</sub> Emissions



\*1 Domestic business sites that have acquired ISO 14001 certification

\*2 Following overseas business sites that have acquired ISO 14001 certification  
 GLORY Denshi Kogyo (Suzhou) Ltd., GLORY (PHILIPPINES), INC.  
 Glory Global Solutions (France) S.A.S.  
 Glory Global Solutions (Germany) GmbH  
 Glory Global Solutions Inc.

#### Energy Consumption per Employee



\*Domestic business sites that have acquired ISO 14001 certification

#### CO<sub>2</sub> Emissions for each Scope

Scope and Category	Fiscal Year 2019	
	Emissions (t-CO <sub>2</sub> )	Ratio (%)
Scope 1	1,004	0.3
Scope 2	12,226	3.1
Scope 3	377,072	96.6
1. Purchased goods and services	151,288	40.1
2. Capital goods	35,801	9.5
3. Fuel- and energy-related activities	2,062	0.5
4. Upstream transportation and distribution	10,711	2.8
5. Waste generated in operations	566	0.2
6. Business travel	2,924	0.8
7. Employee commuting	2,890	0.8
8. Upstream leased assets	928	0.2
9. Downstream transportation and distribution	Not applicable	-
10. Processing of sold products	Not applicable	-
11. Use of sold products	168,131	44.6
12. End-of-life treatment of sold products	1,771	0.5
13. Downstream leased assets	Not applicable	-
14. Franchises	Not applicable	-
15. Investments	Not applicable	-
<b>Total of Scope 1, 2, and 3</b>	<b>390,302</b>	<b>100.0</b>

\*Boundaries for each scope are as follows.

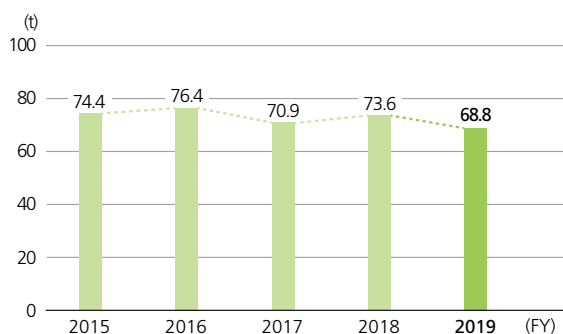
Scope 1: GLORY LTD. and domestic and overseas Group companies that have acquired ISO 14001 certification (excluding fuels of vehicles owned by the company)

Scope 2: GLORY LTD. and domestic and overseas Group companies that have acquired ISO 14001 certification

Scope 3: 1. Purchased goods and services, 2. Capital goods, 3. Fuel- and energy-related activities not included in Scope 1 or 2, 4. Upstream transportation and distribution, 5. Waste generated in operations, 6. Business travel, 7. Employee commuting, 8. Upstream leased assets, 11. Use of sold products, and 12. End-of-life treatment of sold products

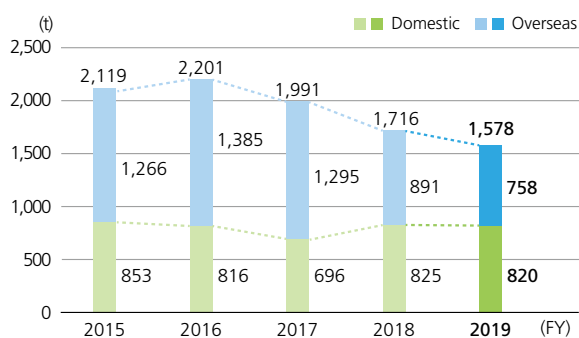
# ESG Data

## Volume of PRTR Law-Listed Substances (Domestic)



\*Domestic business sites that have acquired ISO 14001 certification

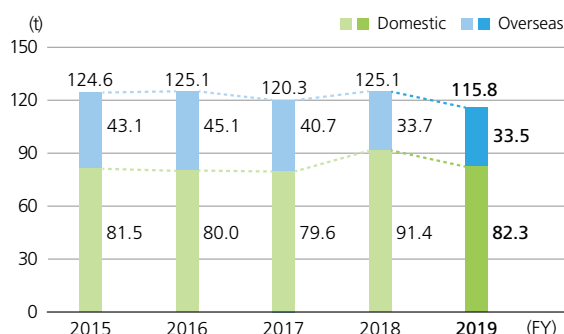
## Waste Volume



\*1 Domestic business sites that have acquired ISO 14001 certification

\*2 Following overseas business sites that have acquired ISO 14001 certification  
 GLORY Denshi Kogyo (Suzhou) Ltd., GLORY (PHILIPPINES), INC.  
 Glory Global Solutions (France) S.A.S.  
 Glory Global Solutions (Germany) GmbH  
 Glory Global Solutions Inc.

## Water Use



\*1 Domestic business sites that have acquired ISO 14001 certification (excluding some non-production sites)

\*2 Following overseas business sites that have acquired ISO 14001 certification  
 GLORY Denshi Kogyo (Suzhou) Ltd., GLORY (PHILIPPINES), INC.  
 Glory Global Solutions (France) S.A.S.  
 Glory Global Solutions (Germany) GmbH  
 Glory Global Solutions Inc.

## Zero-Emission Sites (Domestic)

FY	2015	2016	2017	2018	2019
Number of sites	8	8	8	8	8

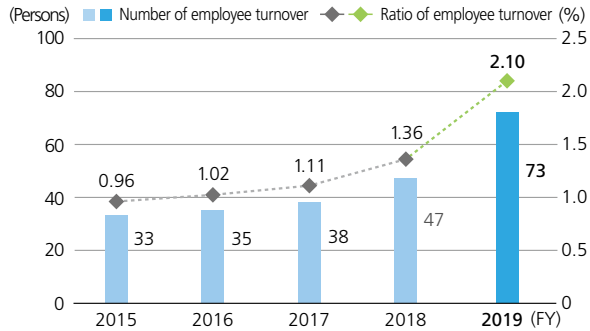
\*Domestic business sites that have acquired ISO 14001 certification

## Human resources

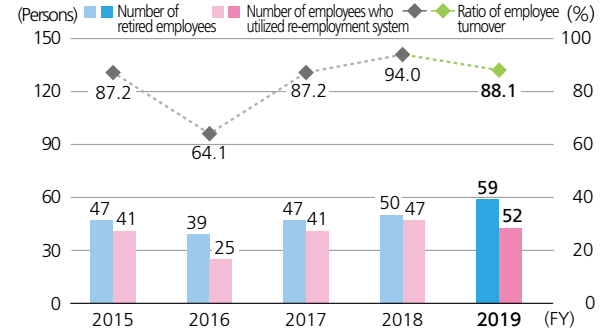
### Employees Data

			2015	2016	2017	2018	2019
Permanent employees	Number of employees	Male	2,837	2,832	2,882	3,000	3,016
		Female	407	414	432	447	457
		Total	3,244	3,246	3,314	3,447	3,473
	Average years of employment	Male	18.7	19.8	20.1	20.1	20.1
		Female	17.8	18.2	18.4	18.8	18.9
		Total	18.6	19.6	19.9	19.9	19.9
	Average age	Male	42.2	43.2	43.6	43.8	43.9
		Female	40.2	40.7	41.1	41.5	41.7
		Total	41.9	42.9	43.3	43.5	43.5
Semi-regular and contract employees., etc	Number of employees	Total	435	419	380	379	354

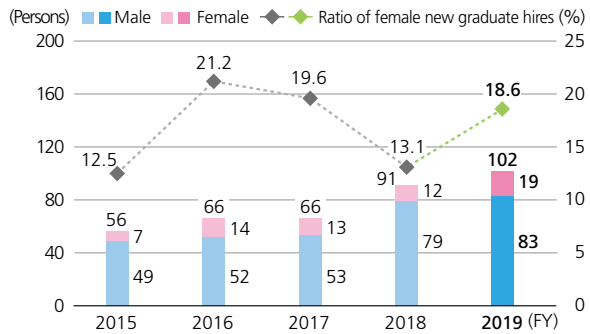
### Number and the Ratio of Employee Turnover



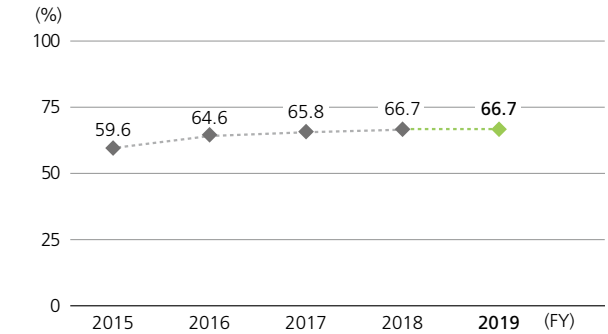
### Number and Ratio of Employees Who Utilized Re-employment System



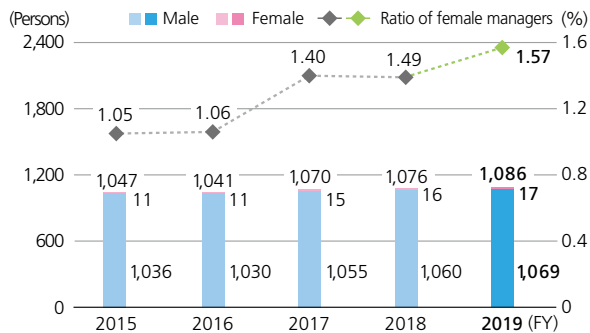
### Number of New Graduate Hires and Ratio of Female



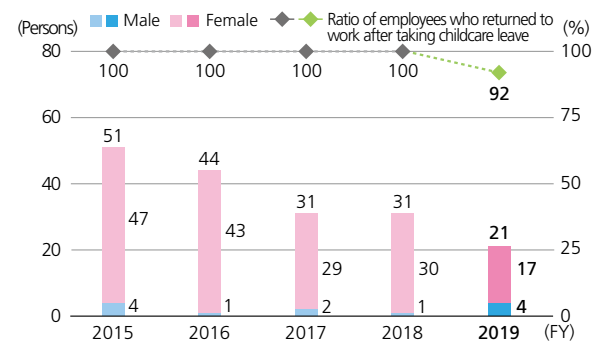
### Ratio of Days Taken Paid Leave



### Number of Managers and Ratio of Female Managers

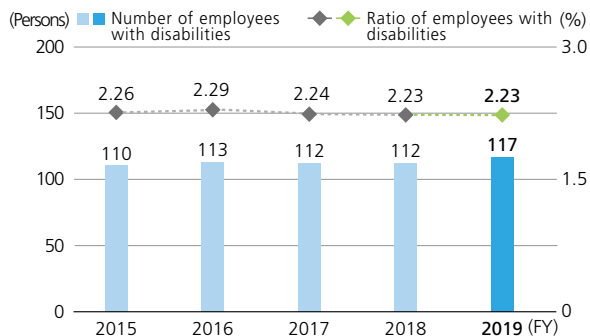


### Number of Employees Taking Childcare Leave and Ratio of Employees Who Returned to Work after Taking Childcare Leave



\* Data for certain fiscal years have been recalculated retroactively for improved accuracy.

### Number and Ratio of Employees with Disabilities



\* Includes data from GLORY Products Ltd., GLORY Friendly Co., Ltd., GLORY System Create Ltd., and GLORY Mechatronics Ltd.

### Annual Actual Working Hours Per Employee

FY	2015	2016	2017	2018	2019
Actual working hours (hour / year)	2,088	2,058	2,032	2,020	2,004

### Training Expenditures

FY	2015	2016	2017	2018	2019
Training expenditures (millions of yen)	208	225	245	248	189
Training expenditures per employee (yen / person)	64,118	69,316	73,929	71,947	54,420

# ESG Data

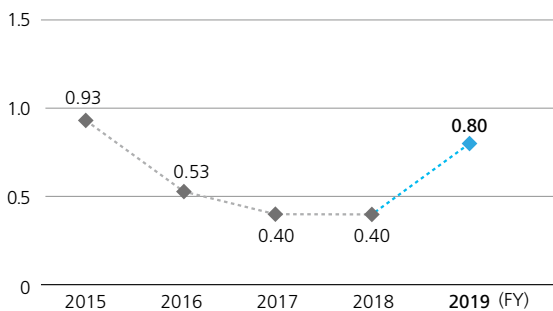
## Ratio of Employees in Union

FY	2015	2016	2017	2018	2019
Ratio of employees in union (%)	54.5	55.7	55.4	55.3	55.8

## Number of Occupational and Commuting Accidents

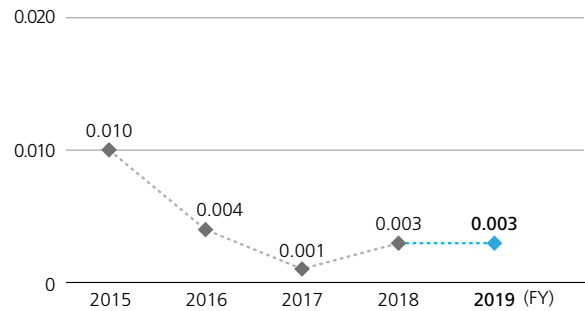
FY	2015	2016	2017	2018	2019
Number of occupational accidents	17	19	10	8	11
Number of commuting accidents	15	18	13	18	17

## Lost Time Injury Frequency Rate



\* This shows the frequency of work-related calamities, expressed in number of casualties for every 1,000,000 working hours.  
 Frequency rate = Number of calamities by industrial injuries / Total actual working hours × 1,000,000

## Lost Time Injury Severity Rate



\* This shows the severity of the calamity, expressed in man-days lost per 1,000 hours worked.  
 Severity rate = Total number of working days lost / Total actual working hours × 1,000

## Social Initiatives

### Social initiatives expenditures

FY	2015	2016	2017	2018	2019
Social initiatives expenditures (millions of yen)	18	22	15	21	45

## Social Evaluation

### Evaluation related to CSR (achievements in FY2019)

- Included in the FTSE4Good Index Series
- Included in the FTSE Blossom Japan Index
- Included in the MSCI Japan ESG Select Leaders Index



- Recognized as the Certified Health and Productivity Management Organization 2020



- Received a 3.5 star rating from the NIKKEI Smart Work Management Survey



### 2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

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## Third-Party Opinion



**Masahiko Kawamura**

Director/Senior Chief Research Fellow, Sun Messe Innovative Network Center (Sinc)  
Senior Advisor, Sun Messe Co., Ltd.  
Visiting Researcher, NLI Research Institute

### Report Composition: The Company Should Pursue Global CSR Management

The overall composition follows the concise pattern that was determined by last year's revision. It is particularly noteworthy that the section "Major CSR Initiatives in the Value Chain" under "Glory's CSR" has been revamped, perhaps in line with my recommendations for last year's report.

This is an effort to understand the impact on society and the environment of the Glory Group's activities across its entire value chain in terms of the 169 SDG targets to clarify the relevant issues to be addressed. Initiatives for helping to achieve the SDGs have been laid out with respect to each stakeholder, from the perspective of maximizing the positive impact and minimizing the negative.

Still unclear, however, is how the latest SDG value chain mapping relates to Glory's CSR Material Issues identified in 2018. As I shall elaborate later, this creates the impression of two separate standards at work.

Glory already has a global presence, with overseas sales accounting for nearly half of total sales. In that sense, it is commendable that in this report a whole page was allocated to describing the company's efforts related to respect for human rights. Also noteworthy is that the Group has been addressing the UK Modern Slavery Act for some time and to the extent that the board of its British subsidiary has issued a statement.

In connection with this, there is a pressing need for Glory to develop its global CSR management and associated report, as I pointed out last year. Apart from overseas topics, the report's content remains centered on activities in Japan. Again, I recommend the establishment of a Global CSR Committee.

This year's report should also be recognized for disclosing

unfavorable information. The company reports on the environmental aspects and reveals the number of violations with respect to compliance, internal reporting, and human rights issues (including zero incidents) as well. This ensures the integrity of reporting and is beneficial for managing risks.

### Report Content: The Need to Achieve a High Degree of Integration between Glory's CSR Materiality and SDGs

I focused on two topics regarding the report's content. One is the Special Report: Establishing a New Style of Cash Circulation. It features Glory's global partnerships for the next 100 years in response to mega-trends such as technological innovations like AI and IoT, cashless systems, and the diversification of payment methods. These trends specifically involve self-service kiosks, cash-out services, and a cash settlement platform. I think these are bold in terms of creating new business models and values that address the ongoing integration of financing and distribution that characterizes the 21st century.

On the other hand, a considerable number of people across the world do not have credit cards or access to the Internet. In Western countries, addressing this social issue has gained attention as a corporate social responsibility of the financial and distribution industries. I recommend exploring solutions with business partners from the planning stages of development.

The other topic is the company's SDG value chain mapping. While the effort itself is commendable, it is not necessarily consistent with Glory's existing CSR Material Issues. While the results of initiatives and targets for the 11 Material Issues are presented, other issues in the value chain are placed under different categories. The SDGs require companies to identify issues in the value chain that are of material importance to resolving social issues and to link them with ongoing efforts in their core operations. To that end, I recommend that Glory incorporate the SDG perspective to significantly revise its current material, which is now three years old.

In view of Glory's transformation this year into a company with an Audit & Supervisory Committee, I think this also offers a good opportunity from the perspective of governance to strategically redefine its management risks and opportunities. I look forward to further enhancement in Glory's CSR management.

## Glory's Response

We are very grateful to Mr. Kawamura for offering his valuable remarks on our CSR for the second consecutive year.

The Glory Group is aggressively developing businesses in the final fiscal year of the 2020 Medium-Term Management Plan. The realization of a new style of cash circulation, as noted by Mr. Kawamura, is indeed a key initiative in our overseas business, and we are working with three business partners, Acrelec Group S.A.S. (France), SOCASH PTE. LTD. (Singapore), and Cash Payment Solutions GmbH (Germany), to resolve social issues that include providing people with points of access to cash. We will also boost our efforts to harness the Glory Group's technological strengths in order to address new social issues arising from the COVID-19 pandemic.

Currently, we are formulating the next Medium-Term Management Plan and revising Glory's CSR Material Issues. We will take your opinions and recommendations to heart in our effort to further promote CSR management throughout the Glory Group.



**Masashi Michishita**

Senior Executive Officer,  
GLORY LTD.

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